Beisen北森

北森控股有限公司*
Beisen Holding Limited

(A company incorporated in the Cayman Islands with limited liability)

Stock Code: 9669

2023
ANNUAL REPORT

* for identification purpose only

CONTENTS

Core HCM
Performance
Assessment
Succession
Recruitment
iTalentX
E-learning and Others

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Zhaohui *(Chairman)*
Mr. Ji Weiguo *(Chief Executive Officer)*
Ms. Liu Xianna *(Chief Financial Officer)*

Independent Non-executive Directors

Mr. Du Kui
Mr. Zhao Hongqiang
Mr. Ge Ke

AUDIT COMMITTEE

Mr. Zhao Hongqiang *(Chairman)*
Mr. Ge Ke
Mr. Du Kui

REMUNERATION COMMITTEE

Mr. Ge Ke *(Chairman)*
Mr. Ji Weiguo
Mr. Du Kui

NOMINATION COMMITTEE

Mr. Wang Zhaohui *(Chairman)*
Mr. Ge Ke
Mr. Du Kui

JOINT COMPANY SECRETARIES

Ms. Liu Xianna

Ms. Au Wai Ching ACG (CS, CGP), HKACG (CS, CGP)

AUTHORIZED REPRESENTATIVES

Ms. Liu Xianna

Ms. Au Wai Ching ACG (CS, CGP), HKACG (CS, CGP)

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STOCK CODE

9669

COMPANY WEBSITE

www.beisen.com

FINANCIAL HIGHLIGHTS

	Year ended 31 March				
	2023	2022	2021	2020	2019
			(RMB'000)		
Revenue	**750,914**	679,627	556,327	458,537	382,278
Gross profit	**415,564**	400,511	369,597	274,343	231,471
Operating loss	**(368,112)**	(288,563)	(141,105)	(320,162)	(250,049)
Loss before income tax	**(2,604,903)**	(1,921,579)	(923,438)	(1,252,276)	(691,910)
Loss for the year	**(2,598,992)**	(1,908,772)	(940,140)	(1,266,752)	(690,165)
Adjusted net loss (non-IFRS measure)	**(300,555)**	(163,590)	(121,223)	(251,965)	(278,202)

	As at 31 March				
	2023	2022	2021	2020	2019
			(RMB'000)		
ASSETS					
Non-current assets	**199,814**	186,064	84,927	94,126	128,670
Current assets	**1,670,964**	1,848,641	507,890	503,499	596,283
Total assets	**1,870,778**	2,034,705	592,817	597,625	724,953
LIABILITIES					
Non-current liabilities	**9,460,746**	6,672,607	32,510	2,879,283	1,878,158
Current liabilities	**766,661**	642,448	4,103,589	556,723	386,280
Total liabilities	**10,227,407**	7,315,055	4,136,099	3,436,006	2,264,438
EQUITY					
Equity attributable to owners of the Company	**(8,356,629)**	(5,280,350)	(3,543,277)	(2,838,374)	(1,542,531)
Non-controlling interests	**–**	–	(5)	(7)	3,046
Total equity	**(8,356,629)**	(5,280,350)	(3,543,282)	(2,838,381)	(1,539,485)
Total equity and liabilities	**1,870,778**	2,034,705	592,817	597,625	724,953

Overall Financial Data

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

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

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

Cloud-based HCM Solutions

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

Professional Services

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

Investment in Research and Development

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

Contract Liabilities

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

Rounding Adjustments

In this annual report, certain amounts and percentage figures have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any tables, chats or elsewhere between total and sums of amounts listed therein are due to rounding.

CHAIRMAN'S STATEMENT

Dear shareholders,

For the year ended 31 March 2023, Beisen's revenue was RMB750.9 million, representing a year-on-year increase of 10.5%. We had over 5,100 contracted customers, and the retention rate of revenue from existing customers was 106%. Of which, we acquired nearly 500 new *Core HCM Integration* customers, bringing the total number of our *Core HCM Integration* customers to over 1,400 cumulatively, with a customer renewal rate of 95%, a revenue retention rate of 116% and an ARR growth rate of 37%.

For the year ended 31 March 2023, we were the top ranking company in the IDC China Human Capital Management (HCM) SaaS market in terms of market share for the seven years in a row. In sub-market level, we were also the top-ranking company in *Core HCM* market and performance management in terms of market share in 2022, and in recruitment management in terms of market share in the second half of 2022. We have been listed among the "Top 20 High-Growth Enterprises (成長性企業20強)" by the China Internet Association for the three years in a row.

I. BUSINESS REVIEW

A year of extreme challenges and resilience is a concise summary for Beisen in the year ended 31 March 2023.

The multi-location repetition of the COVID-19 pandemic has had an impact on various industries, with those related to offline businesses being particularly hard hit. We were also under unexpected pressure, as evidenced by the following examples: due to the pandemic, a considerable proportion of companies downsized their recruitment efforts or even laid off employees, resulting in a decrease in the number of new business opportunities for our recruitment business, and some existing customers reduced or even terminated their contracts. Furthermore, with some cities implementing strict lockdowns and commercial activities coming to a halt, the difficulty of visiting clients significantly increased during the pandemic. As we serve medium-to-large sized enterprises, achieving business goals requires multiple visits to clients, the increased difficulty has made expanding the customer base more challenging.

Fortunately, our business model has shown considerable resilience:

1. In the year ended 31 March 2023, with a focus on serving medium-to-large sized enterprises, our customer base exceeded 5,100 players, which enabled us to demonstrate a robust level of resilience and risk management capabilities during the pandemic. In fact, the customer retention rate of our various software products even increased in the year ended 31 March 2023, reaching its highest level in the past five years. As of the year ended 31 March 2023, our contract liabilities (receipts received but not yet recognised as revenue) were RMB499.4 million, representing a year-on-year increase of 18.7%.

2. Our integrated platform comprises six modules, covering the entire employee lifecycle from onboarding to offboarding. When engaging with new clients, we conduct in-depth explorations of their business needs and encourage the sale of multiple modules. With existing clients, we enhance our understanding of their business needs and seize new opportunities for collaboration through regular interaction to promote cross-selling. As of the end of the year ended 31 March 2023, the annual recurring revenue (ARR) of customers who have cooperated with us in two or more modules accounted for 68.6%.

3. In terms of SaaS businesses, revenue retention rate is the most critical customer retention indicator, and a well-functioning SaaS company should have a revenue retention rate of over 100%. In FY2022, our revenue retention rate was 117%. However, affected by the pandemic, our recruitment business saw a significant decrease, causing this indicator to decline to 106% in the Reporting Period. Nevertheless, with the economy recovering and companies resuming their hiring activities, it is expected that our revenue retention rate will improve, demonstrating stronger business compounding effects in the future!

4. The *Core HCM* module includes functionalities such as new employee onboarding, personnel management, remuneration management, and organizational structure management and is able to manage the human resources master data. Under the premise that the functions meet the companies' business needs, contract termination will only occur when the companies face extreme situations, such as shutdowns. The customer renewal rate for our *Core HCM* product line has consistently remained around 95%, which is a very high retention rate in the industry. Once a customer starts using our *Core HCM* product, they tend to continuously replace other HR modules with our products to ensure consistency in their business processes or to fulfill their human resources analysis needs, which results in cross-selling opportunities for us. Customers who purchased the *Core HCM* product achieved a revenue retention rate of 116% in the Reporting Period.

5. Our overall performance has not been significantly impacted by the disruptions which affected industries such as real estate, education, and the offline economy in the past few years, mainly because we do not rely heavily on any one particular business, even though we do focus on certain businesses. A few years ago, we began to target the manufacturing and retail sectors, which allowed us to gain new market opportunities and grow during the pandemic. In the Reporting Period, the ARR of the manufacturing industry accounted for 27%, and that of the chain retail industry accounted for 16%.

In the Reporting Period, I have the following business insights and progress to share with our shareholders:

The race is not won by the swift flow, but by the unrelenting and ceaseless rhythm of business activities. Ten years ago, Beisen established a clear position of "providing integrated HR SaaS based on PaaS for medium-to-large sized enterprises", focused on this strategic foothold and relentlessly seized the market. Thanks to the unwavering dedication of our management team, our product coverage has become a market leader in various business scenarios. Our PaaS and integration capabilities have also created a high barrier to entry for competitors.

Chinese medium-to-large sized enterprises have unique human resource management needs, with each customer having different requirements that standard products cannot fully satisfy. This necessitates varying levels of customized development, and our customers require a platform to address their specific needs. We have the only PaaS platform in the industry, creating a wide moat in the market.

The original intention of the Beisen PaaS platform was for new product development, and the platform's functionality is now relatively mature, allowing us to develop new products at a lower cost and faster speed, ensuring the smooth implementation of our integrated strategy. The differentiation presented by the integrated strategy of multiple product lines is easily perceived by customers, enhancing our competitive advantage and increasing the possibility of cross-selling.

Furthermore, we insist on focusing on customer success, establishing specialized teams and ensuring investment in related services, which gives us more opportunities to create greater business value for our existing customers, win their trust, and secure our future.

Nowadays, focusing on employee experience and empowerment is emphasized. We have put forward the concept of "one-stop-shop for employees (業人一體，為員工而設計)", which is a milestone change that expands the boundaries of HR software and extends the scope of users from HR to all employees. Our two latest products, the culture incentive product, Beisen Inspiring, and the employee survey product, Beisen Voice, were born to carry the concept of "design for employees". They can build a larger integration around HR and employees, bring more cross-selling opportunities, higher customer value, more significant ARR and shareholder returns.

To summarize into one sentence, the Reporting Period is extremely challenging, and we have demonstrated unique business resilience.

II. BUSINESS OUTLOOK

FY2024 is our first year as a listed company and a crucial year in the Company's history. Looking back at the past, we have prioritized the construction of our PaaS platform and integrated products to build our competitive edge. Moving forward, we will balance revenue growth and capital returns, prioritizing positive free cash flow. As our business continues to grow, we will refine our operations to accelerate the positive transformation of our free cash flow.

As of the Reporting Period, we had a cash reserve of over RMB1.6 billion, providing us with sufficient strategic flexibility to make stable investments in our strategic direction, even in a general shortage of capital. The key focus for Beisen in FY2024 will be: 1) concentrating on strategic opportunities in integrated HR SaaS; 2) upgrading our service system; 3) expanding into central State-owned enterprises; 4) promoting the integration of generative AI and HR SaaS; and 5) developing our ecosystem partners comprehensively.

Concentrating on strategic opportunities in integrated HR SaaS: The next decade will be the best decade for corporate digitization, and digitalization of human resources is one of the core business systems that companies invest in. The ultimate battlefield for human resource systems is integrated software, and we will continue to focus on the market opportunities in "integrated HR SaaS", increasing our investment in companies in the manufacturing and retail chain industries, enhancing our product competitiveness, and further expanding the comprehensive gap between us and our competitors.

Upgrading our service system: Successful client partnerships can create word-of-mouth marketing, bring high NPS (Net Promoter Score, currently 31.3% for Beisen), and make contract renewals and upsells easier. To ensure client success, we will continue to enhance our service system, strengthen our ability to deliver large-scale projects, enhance the ability of our customer success team, seek opportunities for upselling and cross-selling, improve our customer service response time, upgrade our team's standardized operating system, shorten the time to solve clients' problems, improve service efficiency, establish offline and online training systems for HR system administrators, and cultivate company fans. We will gradually implement a hierarchical and classified operation system for our service system.

Expanding into central State-owned enterprises: We will increase our business investment in central State-owned enterprises, clarify business design and selection, and aim to establish industry leadership in our chosen business areas of central State-owned enterprises within three years.

Embracing generative AI: It is highly possible that generative AI will create a new generation of intelligent HR SaaS. We have already completed many applications for combining generative AI and HR SaaS and will gradually form our "AI family". However, we also realize that it is difficult for HR vendors based on large models to differentiate their functions. Based on our unique talent management technology, we have developed a new generation of personal leadership coaches (Mr. Sen) to address the most challenging topic for enterprises, "talent development and leadership". This product is expected to build a highly competitive barrier for Beisen.

Fully implementing the ecosystem partnership strategy: Medium-to-large sized enterprises have diverse HR business scenarios that require comprehensive solutions. Through integration with ecosystem partners, we will provide full-scenario services for employees in recruitment, travel, training, background checks, benefits, and e-signatures. In the future, we plan to develop over 200 ecosystem partners to jointly serve clients, provide free access to our PaaS platform capabilities to clients, equip 1,000+ enterprises with independent customization capabilities, and equip 10,000+ HR users with digital capabilities.

In the uncertain economic situation, we will continue to build process-oriented organizational capabilities, use organizational certainty to respond to environmental uncertainties, and continue to conduct market research and develop products based on customer-centric market opportunities. We will implement the concept of "customer success", and successful clients will take us further, proving our value with better performance! We look forward to reporting on progress in related work next year.

I would like to thank our customers for their trust and choice, our employees for their hard work, and especially our shareholders for their support and I appreciate everyone's partnership with Beisen!

Chairman
Wang Zhaohui
28 June 2023

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Industry Review

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

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

Business Review

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

Cloud-based HCM Solutions

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

Note:

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

Our main HCM solutions include:

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

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

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

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

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

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

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

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

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

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

Professional Services

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

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

Except for PaaS-related services that we offer to our customers free of charge currently, we typically charge our customers service fees based on a number of factors, including the type of services selected by our customers, the number of our technical specialists staffed on a given project, and the duration of our services.

We strategically focus on serving medium-to-large sized enterprises as we believe our success lies in a high quality and loyal customer base. Our customer base included over 5,100 players across various large-scale and fast-growing industries as of 31 March 2023, covering a vast majority of the top 10 players in technology, real estate, financial services, and automotive and manufacturing sectors. Additionally, over 70% of Fortune China 500 companies are our customers as of 31 March 2023.

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

Future and Outlook

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

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

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

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

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

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

FINANCIAL REVIEW

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

Revenues

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

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

Cloud-based HCM solutions

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

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

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

Professional services

We generate revenues from providing on-demand professional services to our customers, which primarily include implementation services and certain value-added services. We typically charge our customers service fees based on a number of factors, including the type of services selected by our customers, the number of our technical specialists staffed on a given project, and the duration of our services.

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

Cost of Revenues

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

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

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

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

Gross Profit and Gross Margin

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

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

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

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

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

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

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

Selling and Marketing Expenses

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

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

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

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

General and Administrative Expenses

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

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

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

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

Research and Development Expenses

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

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

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

Our research and development expenses increased by 17.4% from RMB258.4 million for the FY2022 to RMB303.3 million for the Reporting Period, primarily driven by the increase in employee benefit of RMB44.5 million, attributable primarily to the rising research and development staff headcount to support our business expansion, and to a lesser extent, the increased average compensation for our research and development staff.

Net Impairment Losses on Financial Assets and Contract Assets

Our net impairment losses on financial assets and contract assets primarily relate to impairment on trade receivables and other receivables. We determine the provision for impairment of trade receivables and other receivables on a forward-looking basis and the expected lifetime losses are recognized from initial recognition of the assets by credit risks of our customers in accordance with IFRS 9.

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

Other Income

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

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

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

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

Other Gains, Net

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

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

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

Our other gains, net decreased from RMB73.0 million for the FY2022 to RMB37.7 million for the Reporting Period, primarily due to the decreases in (i) net foreign exchange gains of RMB24.5 million, attributable primarily to reclassification of intra-group loans; (ii) fair value gains on foreign exchange forward contracts of RMB20.3 million as we redeemed our investment in such foreign exchange forward contracts; and (iii) gains on disposal of subsidiaries of RMB11.9 million in relation to the disposal of our equity interest in Beisen Shengya in September 2021 as part of our business reorganization plan to streamline our business. The decrease in other gains, net was partially offset by the increase in net fair value gains on financial assets at fair value through profit or loss of RMB23.1 million due to our increased investment in certain wealth management products during the Reporting Period. All of our investments in these wealth management products were made prior to the Global Offering.

Finance Income, Net

Our finance income represents interest income from our bank deposits, and our finance costs are comprised of interest expenses on our lease liabilities.

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

Fair Value Changes of Redeemable Convertible Preferred Shares

Our fair value changes of redeemable convertible preferred shares arise primarily from the changes in the carrying amount of our redeemable convertible preferred shares in connection with the Pre-IPO Investments. Prior to the Global Offering, such redeemable convertible preferred shares have not been traded in an active market and their value at each respective reporting date is determined using valuation techniques. Our Directors have used the discounted cash flow method to determine the underlying equity value of our Company, and adopted equity allocation model to determine the fair value of such redeemable convertible preferred shares.

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

Loss before Income Tax

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

Income Tax Credit

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

Loss for the Year

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

Non-IFRS Measure

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

Adjusted Net Loss (Non-IFRS Measure)

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

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

Notes:

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

2. Share-based payments for non-ESOP purposes arise from certain share exchange and share repurchase transactions, and transactions among shareholders.

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

LIQUIDITY AND CAPITAL RESOURCES

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

Cash and Cash Equivalents and Term Deposits

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

GEARING RATIO

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

FOREIGN EXCHANGE EXPOSURE

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

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

CONTINGENT LIABILITIES

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

CAPITAL COMMITMENTS

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

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

FINANCIAL RISKS DISCLOSURE

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

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

Foreign Exchange Risk

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

For the FY2022 and the Reporting Period, the foreign currency assets and liabilities of our entities are mainly PRC entities' cash and cash equivalents denominated in USD, and Beisen HK's intra-group loan receivables due from a subsidiary, Sendou Shanghai, located in mainland China which were denominated in RMB. The foreign exchange risk we are facing mainly comes from movements in the USD/RMB. During the Reporting Period, we have determined that it will not settle the intra-group loans provided by Beisen HK to Sendou Shanghai as we planned to use all the amounts in the PRC operation. Thus, the intra-group loans have been designated as being part of Beisen HK's net investment in the subsidiary, Sendou Shanghai, and the exchange difference amounting to approximately RMB94,833,000 that arises subsequently to the designation is recognized in other comprehensive income on consolidation. Therefore, we did not record any exchange gains/(losses) in relation to the intra-group loans from Beisen HK to Sendou Shanghai during the Reporting Period. During the FY2022 and the Reporting Period, we did not have any derivative financial instrument for which hedging accounting was applied.

For our subsidiaries in mainland China whose functional currency is Renminbi, if U.S. dollars had strengthened/weakened by 5% against Renminbi with all other variables held constant, loss before income tax for the year would have been approximately RMB20,000 lower/higher for the Reporting Period, as a result of net foreign exchange gains/losses on translation of net monetary assets denominated in U.S. dollars, regardless of the foreign exchange forward contracts.

For our subsidiary outside mainland China whose functional currency is U.S. dollars, if Renminbi had strengthened/weakened by 5% against U.S. dollars with all other variables held constant, loss before income tax for the year would have been approximately RMB482,000 lower/higher for the Reporting Period, as a result of net foreign exchange gains/losses on translation of net monetary assets denominated in Renminbi, regardless of the foreign exchange forward contracts.

We entered into foreign currency forwards in relation to financial assets dominated in foreign currency that do not satisfy the requirements for hedge accounting (economic hedges). During the FY2022 and the Reporting Period, we did not have any derivative financial instrument for which hedging accounting was applied.

Credit Risk

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

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

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

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

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

For other receivables, our management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. Impairment on other receivables is measured as twelve-month expected credit losses since our Directors believe that there has been no significant increase in credit risk since initial recognition.

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

Liquidity Risk

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

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 31 March 2023					
Trade payables	6,766	–	–	–	6,766
Other payables and accruals (excluding salary and welfare payable, accrual for other taxes)	31,261	–	–	–	31,261
Lease liabilities	35,820	22,444	335	–	58,599
	73,847	22,444	335	–	96,626
As of 31 March 2022					
Trade payables	**4,703**	**–**	**–**	**–**	**4,703**
Other payables and accruals (excluding salary and welfare payable, accrual for other taxes)	**10,491**	**–**	**–**	**–**	**10,491**
Lease liabilities	**39,736**	**30,711**	**15,568**	**–**	**86,015**
	54,930	**30,711**	**15,568**	**–**	**101,209**

As at 31 March 2022 and 2023, redeemable convertible preferred shares were classified as a non-current liability, because the Preferred Shareholders cannot demand the Company to redeem their preferred shares within 12 months as at 31 March 2022 and 2023.

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

PLEDGE OF ASSETS

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

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

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

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

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

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

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

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

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

EMPLOYEES

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

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

EVENTS AFTER THE REPORTING PERIOD

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

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

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Wang Zhaohui (王朝暉)

Mr. Wang Zhaohui (王朝暉), aged 48, the co-founder of our Group, has been serving as an executive Director and the chairman of the Board of our Company since 6 April 2018. He is primarily responsible for overall strategic planning and presiding over the Board affairs. Concurrently, Mr. Wang holds various directorships and management positions in our subsidiaries and Consolidated Affiliated Entity and details are set out in the table below:

Name of our Subsidiary and Consolidated Affiliated Entity	Directorship and/or Management Position	Date of Appointment
Onshore Holdco	Manager	5 November 2020
	Chairman of the board of directors	5 January 2011
Beijing WFOE	Executive director and manager	5 November 2020
Chengdu WFOE	Executive director and manager	19 November 2020

Mr. Wang has nearly 20 years of experience in the HCM industry and corporate management in China. Prior to founding our Group, Mr. Wang served as the general manager in Beijing Beisen Shengshi Technology Development Co., Ltd. (北京北森盛世科技發展有限公司) ("**Beisen Shengshi**"), a company primarily engaged in talent evaluation, where he was responsible for the overall management of the company, from March 2002 to April 2005. Beisen Shengshi was subsequently deregistered on 30 June 2006 and was solvent at the time of its deregistration. He also served in Beisen Shengya, a former subsidiary of the Group which is primarily engaged in career solution for universities, as the general manager from July 2016 to June 2021 and an executive director from April 2009 to September 2021, where he was responsible for the over management of the company.

Mr. Wang obtained a bachelor's degree in chemical engineering from North China Institute of Technology (華北工學院, currently known as North University of China (中北大學)) in the PRC in July 1997.

Mr. Ji Weiguo (紀偉國)

Mr. Ji Weiguo (紀偉國), aged 49, the co-founder of our Group, has been serving as an executive Director and the chief executive officer of our Company since 6 April 2018. He is primarily responsible for overall strategic planning, as well as the overall research and development of our Company. Mr. Ji has served as the executive director of Chengdu WFOE from 3 January 2019 to 18 November 2020. Concurrently, Mr. Ji holds various directorships and management positions in our subsidiaries and Consolidated Affiliated Entity, and details are set out in the table below:

Name of our Subsidiary and Consolidated Affiliated Entity	Directorship and/or Management Position	Date of Appointment
Onshore Holdco	Executive director	17 May 2005
Sendou Shanghai	Executive director	3 July 2019

Mr. Ji has nearly 20 years of experience in the HCM industry in China. Prior to founding our Group, Mr. Ji has worked together with Mr. Wang, our Co-founder, at Beisen Shengshi from December 2002 to April 2005, where he served as the product manager and was responsible for management of product research and development.

Mr. Ji obtained his bachelor's degree in mechanical design and manufacturing in Zhengzhou College of Light Industry (鄭州輕工業學院, currently known as Zhengzhou University of Light Industry (鄭州輕工業大學)) in the PRC in July 1997 and received a master's degree of business administration in international management from Shanghai International MBA program, which was offered through a partnership between Tongji University (同濟大學) in the PRC and École nationale des ponts et chaussées in France in October 2004.

Ms. Liu Xianna (劉憲娜)

Ms. Liu Xianna (劉憲娜), aged 49, has been serving as an executive Director and the chief financial officer of our Company since 31 December 2021 and 1 May 2021, respectively. She was appointed as a joint company secretary in 31 December 2021. Ms. Liu joined our Group on 1 November 2018 as the vice president of finance of the Onshore Holdco. Concurrently, Ms. Liu has been serving as an executive director of Onshore Holdco since 18 June 2021. She is primarily responsible for the financial, legal, commercial and government affairs of the Company.

Prior to joining our Group, Ms. Liu served as the financial manager in Emerson Process Management (Tianjin) Valves Co., Ltd. (艾默生過程管理(天津)閥門有限公司), a company primarily focusing on automation solution with highly reliable flow control technologies, where she was responsible for the overall management of the factory's financial affairs, until October 2009. From November 2009 to June 2012, she served as the financial manager in Cabot Chemical (Tianjin) Company Ltd. (卡博特化工(天津)有限公司), a company primarily engaged in specialty chemicals and performance materials manufacturing, where she was responsible for the overall financial affairs in Tianjin Factory. After that, she worked in Cabot (China) Co., Ltd. (卡博特(中國)投資有限公司) as the financial director in Greater China, a company headquartered in Boston primarily engaged in overall management of all specialty chemicals and performance materials manufacturing sites and trading companies in mainland China, where she was responsible for the overall financial affairs in Mainland China and Hong Kong as a director of Greater China. From March 2015 to October 2018, she served as the financial director in Amazon (China) Holding Company Limited (亞馬遜(中國)投資有限公司), a company primarily engaged in online shopping and AWS business in China, where she took in charge of the financial affairs of logistics division of Amazon in China. She has been serving as the visiting professor of Tianjin University of Finance & Economics (天津財經大學) since May 2014 and the off campus advisor of University of International Business and Economics (對外經濟貿易大學) since September 2019.

Ms. Liu received a bachelor's degree in accounting from Tianjin University of Commerce (天津商業大學) in the PRC in July 1997 and received a master's degree of business administration from California American University in the United States in July 2002. She was admitted as a fellow member of The Association of Chartered Certified Accountants in the United Kingdom, Institute Of Public Accountants in the Australia and Institute of Financial Accountants in the United Kingdom in March 2010, January 2017 and January 2017 respectively. She was qualified to act as the independent non-executive director of companies listed on The Science and Technology Innovation Board and Main Board by Shanghai Stock Exchange (上海證券交易所) and Shenzhen Stock Exchange (深圳證券交易所) in July 2019. She was evaluated as the Senior Financial Management Talent (財務管理高級人才) by Enterprise Financial Management Association of China (中國企業財務管理協會) in October 2020. She has been admitted as an internal affiliate of Hong Kong Institute of Certified Public Accountants (香港會計師公會) on 23 February 2022.

Independent Non-executive Directors

Mr. Du Kui (杜葵)

Mr. Du Kui (杜葵), aged 59, has been appointed as an independent non-executive Director of our Company on 30 March 2023. He is primarily responsible for supervising and providing independent judgment to our Board.

Prior to joining our Group, Mr. Du served as the president in Beijing Renzhongren Expansion Training Co., Ltd. (北京人眾人拓展訓練有限公司), a nationwide training enterprise focusing on experiential learning technology, where he was responsible for management and business operation of the company, since December 2000. He then served as the general director in China Youth Association for Economic development (中國青年創業促進會), an institution primarily engaged in promoting th development of the market economy and the progress of youth, and an authorized principal of legal representative in Ying Charity Foundation (瀛公益基金會), an institution primarily engaged in supporting youth entrepreneurship, since January 2013. Currently, he has been serving as the chief counsel in Renhezhengdao Management Consulting (Beijing) Co., Ltd. (人合正道管理諮詢(北京)有限公司), a consulting firm primarily engaged in corporation training, where he was responsible for strategy planning and clients training, since September 2013. Meanwhile, he has also been serving as a non-executive Director in Keen Offshore Engineering Co., Ltd. (廣東精鉬海洋工程股份有限公司), a marine engineering company engaged in integrating research, development, design, manufacturing and offshore construction, since May 2016.

Mr. Du received a bachelor's degree in education from Beijing Normal University (北京師範大學) in the PRC in June 1985. He also received a master's degree of public administration and management from University of Antwerp in the Kingdom of Belgium in October 1994.

Mr. Zhao Hongqiang (趙宏強)

Mr. Zhao Hongqiang (趙宏強), aged 46, has been appointed as an independent non-executive Director of our Company on 30 March 2023. He is primarily responsible for supervising and providing independent judgment to our Board.

Prior to joining our Group, Mr. Zhao worked in KPMG LLP, a global accounting firm providing audit, tax and advisory services, in the United States from August 2001 to February 2009, with the most recent position being Audit Manager. He also previously held the position of assistant chief auditor at the Public Company Accounting Oversight Board, a regulatory oversight agency under the SEC. Mr. Zhao also served as vice president of finance at SouFun Holdings Limited (currently known as Fang Holdings Limited), a leading real estate internet portal in China listed on New York Stock Exchange (stock code: SFUN) from May 2013 to August 2014. Moreover, he served as the chief financial officer of Beijing Branch of Lede Technology Co., Ltd (樂得科技有限公司, currently known as NetEase Lede Technology Co., Ltd (網易樂得科技有限公司)), a company primarily engaged in online virtual trading, from October 2014 to October 2015. He also served as the chief financial officer and executive director of Bairong Inc. (百融雲創), a leading independent AI-powered technology platform in China serving the financial services industry listed on Hong Kong Stock Exchange (stock code: 6608), from June 2018 to May 2023, where he was responsible for financial strategy, financial management and investor relations. Mr. Zhao currently holds several directorships in several public companies, including:

- HUYA Inc., a leading China-based game live streaming company listed on New York Stock Exchange (stock code: HUYA), where he has served as its independent director since May 2018; and

- Li Auto, Inc. (理想汽車), an innovator in China's new energy vehicle market listed on Nasdaq Stock Exchange (stock code: LI) and Hong Kong Stock Exchange (stock code: 2015), where he has served as its independent director and is responsible for providing independent opinion and judgement to the board of directors since July 2020.

Mr. Zhao received a bachelor's degree in accounting from Tsinghua University (清華大學) in the PRC in July 1999 and a master's degree in accountancy from George Washington University in the United States in July 2001.

Mr. Ge Ke (葛珂)

Mr. Ge Ke (葛珂), aged 50, has been appointed as an independent non-executive Director of our Company 30 March 2023. He is primarily responsible for supervising and providing independent judgment to our Board.

Prior to joining our Group, Mr. Ge Ke served several positions in Kingsoft Group, which refers to Kingsoft Corporation Limited (金山軟件有限公司), a leading software and internet service company listed on the Hong Kong Stock Exchange (stock code: 3888), and its subsidiaries, where he served as the assistant to the chief executive officer since 1999, and then successively served as the chief officer in the distribution department, a vice president and a senior vice president in charge of overall office software business. Mr. Ge has served as an executive director in Zhuhai Kingsoft Office Software Co., Ltd. (珠海金山辦公軟件有限公司) from 2011 to 2021. He has currently served as the chairman of the board of directors of Beijing Kingsoft Office Software, Inc. (北京金山辦公軟件股份有限公司), a Chinabased leading office software and service provider listed on the Science and Technology Innovation Board of Shanghai Stock Exchange (stock code: 688111), since July 2016, and also holds several positions in other members of Kingsoft Group. Mr. Ge has been serving as an executive director in Beijing Qiwen Yiwei Investment Co., Ltd. (北京奇文壹緯投資有限責任公司), an investment company, where he was responsible for overall management and business operation since October 2015. He has also been serving as a director in Ray Tower Limited (耀聲有限公司) where he was responsible for overall management and business operation since July 2015.

Mr. Ge received a bachelor's degree in engineering from Nanjing University (南京大學) in July 1995.

SENIOR MANAGEMENT

Our senior management team comprises of Mr. Ji Weiguo and Ms. Liu Xianna, each of whom is an executive Director of our Company. See their biographies above. Our senior management is responsible for the day-to-day management and operation of our business.

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

Our platform iTalentX delivers cloud-native SaaS products, namely our cloud-based HCM solutions, for enterprises to recruit, evaluate, manage, develop and retain talents efficiently. We offer integrated cloud-based HCM solutions that synchronize use cases and the underlying employee data for our customers. There were no significant changes in the nature of the Group's principal activities since the Listing Date and up to the date of this report. Please refer to note 35 to the consolidated financial statements on page 254 for details of the principal activities of the principal subsidiaries of the Company.

RESULTS

The results of the Group for the year ended 31 March 2023 are set out in the consolidated financial statements of the Group on pages 159 to 255 of this report.

FINAL DIVIDEND

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

ANNUAL GENERAL MEETING

The AGM will be held on 20 September 2023. A notice convening the said AGM will be published and provided to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

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

SHARE CAPITAL

Details of the issued Shares during the year ended 31 March 2023 are set out in note 22 to the consolidated financial statements.

RESERVES

Details of the movements in reserves of the Group during the year ended 31 March 2023 are set out in note 23 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As of 31 March 2023, the Company did not have any distributable reserves.

FINANCIAL SUMMARY

The Shares were listed on the Stock Exchange on 13 April 2023. A summary of the results and of the assets, liabilities and equity of the Group for the last five financial years, as extracted from the audited financial information and financial statements, is set out on pages 4 to 5 of this annual report.

BANK LOANS AND OTHER BORROWINGS

As at 31 March 2023, the Company had no bank loans or other borrowings.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company during the year ended 31 March 2023 are set out in note 14 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report and based on the information available to the Company and to the knowledge of the Directors, the Company's public float complies with the requirements of Rule 8.08 of the Listing Rules.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

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 estimated expenses payable by us) in connection with the Global Offering in the amount of approximately HK$155.0 million (Note (1)). Our Company intends to apply such net proceeds in accordance with the purposes as set out in the Prospectus. The details of intended application of net proceeds from the Global Offering and the actual use of net proceeds as at the date of this report are set out as follows:

Item	Approximate % of total net proceeds	Net proceeds from the Global Offering *(HK$ million)*	Utilised net proceeds from the Global Offering as at the date of this report[3] *(HK$ million)*	Unutilized net proceeds from the Global Offering as at the date of this report	Expected timeline of full utilization of the unutilized net proceeds[2]
Further upgrade our integrated cloud-based HCM solutions					
(a) Integrate more seamlessly our cloud-based HCM solutions	15%	23.3	0	23.3	Before 31 December 2028
(b) Enhance the functionality and features of our Core HCM Solutions	15%	23.3	0	23.3	Before 31 December 2028
(c) Upgrade our other HCM solutions	5%	7.8	0.1	7.7	Before 31 December 2028
Continue to enhance our technology development capabilities					
(a) Upgrade our PaaS infrastructure	20%	31.0	0	31.0	Before 31 December 2028
(b) Expand R&D teams with enhanced R&D efficiency	10%	15.5	0	15.5	Before 31 December 2028
Strengthen our sales and marketing efforts					
(a) Expand our sales force nationwide	7%	10.9	0.5	10.4	Before 31 December 2028
(b) Expand and diversify our sales and marketing channels	5%	7.8	0	7.8	Before 31 December 2028
(c) Improve our sales and marketing technologies	3%	4.7	0	4.7	Before 31 December 2028
Enhance our customer success and services capabilities	10%	15.5	0.1	15.4	Before 31 December 2028
Working capital and general corporate purposes	10%	15.5	0	15.5	Not Applicable
Total	100%	155.0	0.7	154.3	

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

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

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

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

BUSINESS REVIEW

Overview and Performance of the Year

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of the Group's financial performance and an indication of likely future developments in the Group's business is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this report. These discussions form part of this report. Events affecting the Company that have occurred since the end of the Reporting Period is set out in the section headed "Management Discussion and Analysis – Events after the Reporting Period" in this report.

Key Relationship with Stakeholders

The Group recognizes that various stakeholders including employees, customers, suppliers and other business associates are key to the Group's success. The Group strives to achieve corporate sustainability through engaging, collaborating, and cultivating strong relationships with them.

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.

We believe our focus on customer success and service is critical to onboarding new customers and retaining our existing customers and growing our business. We have invested heavily in the quality and training of our customer success and service teams to ensure that they could maintain a consistently high level of our services. Our large and growing customer base has also provided us with valuable insights into industry best practices that enable us to better understand customer needs to continuously refine our offerings and improve customer experience.

Details of an account of the Company's key relationships with its employees, customers, suppliers and other business associates that have a significant impact on the Company are set out in the environmental, social and governance report of the Company as set out on pages 89 to 150 of this report.

Social Responsibilities, Environmental Policies and Performance

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

The environmental, social and governance report of the Company is contained in this annual report.

Compliance with Relevant Laws and Regulations

The Group has complied with the requirements under the Companies Ordinance, the Listing Rules, the SFO and the CG Code for, among other things, the disclosure of information and corporate governance. The Group has adopted the Model Code. For further details, please refer to the section headed "Compliance with the Corporate Governance Code" in this section. The Group has also complied with other relevant laws and regulations that have a significant impact on the operations of the Group. Please refer to the section headed "Regulations" in the Prospectus for details.

Key Risks and Uncertainties

There are certain key risks and uncertainties involved in our operations, some of which are beyond our control.

Set out below are the material risks and uncertainties that we face:

- our ability to upgrade, enhance and expand our technology and solutions or provide successful enhancements, new features and applications to suit our customers' evolving needs;

- our ability to maintain and grow our customer base;

- our financial position;

- our ability to effectively manage our technology infrastructure and continue innovating and keeping pace with technological developments;
- our ability to maintain stable relationships with our third-party cloud-based infrastructure providers; and
- breaches to our security measures and unauthorized access to customer data.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

PROSPECTS

A description of the future development in the Company's future business is provided in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this report.

DIRECTORS

The Directors during the Reporting Period and up to the date of this report are as follows:

Executive Directors

Mr. Wang Zhaohui *(Chairman)*
Mr. Ji Weiguo *(Chief Executive Officer)*
Ms. Liu Xianna *(Chief Financial Officer)*

Independent Non-executive Directors

Mr. Du Kui
Mr. Zhao Hongqiang
Mr. Ge Ke

In accordance with Article 26.1 of the Articles of Association, subject to the provisions of the Articles of Association and the Companies Act, Cap. 22 (as revised) of the Cayman Islands, the Company may by ordinary resolution appoint any person to be a Director, either to fill a casual vacancy or as an additional Director.

In accordance with Articles 26.3, the Directors may appoint any person to be a Director, either to fill a vacancy or as an additional Director provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles as the maximum number of Directors. Any Director so appointed shall hold office only until the first annual general meeting of the Company after such Director's appointment and shall then be eligible for re-election at that meeting.

In accordance with Article 26.4 of the Articles of Association, at every annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not three or multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

Accordingly, Ms. Liu Xianna and Mr. Du Kui shall retire from office by rotation at the AGM. All of the retired directors, being eligible, offer themselves for re-election at the AGM.

Details of the Directors to be re-elected at the forthcoming AGM are set out in the circular to Shareholders to be dispatched in due course in the manner as required by the Listing Rules.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 31 to 34 of this report. Save as disclosed in this report and as at the date of this report, there are no other changes to the Directors' information as required to be disclosed pursuant to Rules 13.51(2) and 13.51B(1) of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS AND APPOINTMENT LETTERS

Each of the executive Directors has entered into a service contract with the Company for an initial fixed term of three years commencing from 30 March 2023 and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term. Each of our independent non-executive Directors has entered into a letter of appointment with the Company for an initial fixed term of three years commencing from 30 March 2023 and will continue thereafter until terminated by not less than two months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term.

None of the Directors proposed for re-election at the AGM has an unexpired service contract or appointment letter which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

We have received from each of the independent non-executive Directors, namely Mr. Du Kui, Mr. Zhao Hongqiang and Mr. Ge Ke, the confirmation of their respective independence pursuant to Rule 3.13 of the Listing Rules. The Company has duly reviewed the confirmation of independence of each of these Directors. We consider that our independent non-executive Directors have been independent from the date of their appointments to 31 March 2023 and remain so as at the date of this report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As the Company has not been listed on the main board of the Stock Exchange as at 31 March 2023, Divisions 7 and 8 of Part XV and section 352 of SFO are not applicable to the Directors and chief executive of the Company as at 31 March 2023.

As far as the Company is aware, as at the date of this report, the interests and/or short positions (as applicable) of our Directors and chief executive in the Shares, underlying shares and debentures of our Company and its associated corporations, within the meaning of Part XV of the SFO, which were required (a) to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they were taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) to be notified to our Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long/Short Positions in the Shares

Name of Director or Chief Executive	Capacity/Nature of interest	Number of Shares interested (1)	Approximate percentage of shareholding (2)
Mr. Wang Zhaohui ("**Mr. Wang**") (3) (6)	Beneficiary of a trust	81,054,370 (L)	11.33%
	Interest in controlled corporation	30,670,350 (L)	4.29%
	Beneficial interest	1,504,200 (L)	0.21%
	Interest of Spouse	2,060,570 (L)	0.29%
Mr. Ji Weiguo ("**Mr. Ji**")(4)	Beneficiary of a trust	80,644,370 (L)	11.27%
	Beneficial interest	1,500,000 (L)	0.21%
Ms. Liu Xianna ("**Ms. Liu**")(5)	Beneficial interest	1,112,160 (L)	0.16%
	Beneficiary of a trust	1,730,990 (L)	0.24%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) As at the date of this report, there were 715,297,060 Shares in issue.

(3) Zhaosen Holding Limited is a limited liability company which is owned by (i) Xiasen Limited as to 1%, an exempted company with limited liability wholly owned by Mr. Wang and (ii) Huisen Holding Limited as to 99%, a limited company incorporated in the BVI wholly owned by Sen Talent Holdings Limited, a BVI limited company, which is in turn wholly owned by Ark Trust (Singapore) Ltd., as the trustee for a trust established by Mr. Wang (as settlor and protector) for the benefit of Mr. Wang and his family. As such, each of Mr. Wang, Ark Trust (Singapore) Ltd., Sen Talent Holdings Limited and Huisen Holding Limited is deemed to be interested in 81,054,370 Shares owned by Zhaosen Holding Limited under the SFO.

On 1 March 2023, Mr. Wang was granted 1,500,000 options pursuant to the Pre-IPO Share Option Plan, and details of which are set out in "Statutory and General Information–D. Pre-IPO Share Option Plan–2. Outstanding share options" in the Appendix IV of the Prospectus. In addition, as at the date of this report, Mr. Wang directly holds 4,200 shares.

Ms. Zhou Dan (周丹), Mr. Wang' spouse, was granted, taking into account of the Share Subdivision, (i) 783,410 options on 1 January 2019 pursuant to the Pre-IPO Share Option Plan, which were all exercised and 783,410 Shares were issued pursuant to the Pre-IPO Share Option Plan immediately after the completion of the Global Offering and the Share Subdivision, and (ii) 1,277,160 options on 1 March 2023, which were not vested. For details, please see "Statutory and General Information–D. Pre-IPO Share Option Plan–2. Outstanding share options" in Appendix IV to the Prospectus. As such, Mr. Wang is deemed to be interested in 2,060,570 Shares that Ms. Zhou Dan is interested in under the SFO. Ms. Zhou Dan is also deemed to be interested in the Shares that Mr. Wang is interested in under the SFO.

(4) Weisen Holding Limited is a limited liability company which is owned by (i) Xisen Limited as to 1%, an exempted company with limited liability wholly owned by Mr. Ji and (ii) Guosen Holding Limited as to 99%, a limited company incorporated in the BVI wholly owned by Sen Platform Holdings Limited, a BVI limited company, which is in turn wholly owned by Ark Trust (Singapore) Ltd., as the trustee for a trust established by Mr. Ji (as settlor and protector) for the benefit of Mr. Ji and his family. As such, each of Mr. Ji, Ark Trust (Singapore) Ltd., Sen Platform Holdings Limited and Guosen Holding Limited is deemed to be interested in 80,644,370 Shares owned by Weisen Holding Limited under the SFO. On 1 March 2023, Mr. Ji was granted 1,500,000 options pursuant to the Pre-IPO Share Option Plan, and details of which are set out in "Statutory and General Information–D. Pre-IPO Share Option Plan–2. Outstanding share options" in Appendix IV to the Prospectus.

(5) Ms. Liu has been granted 2,843,150 options, including (i) 1,730,990 Options granted on 1 November 2018, 1 April 2020 and 1 April 2021 options of which have been exercised and 1,730,990 Shares were issued pursuant to the Pre-IPO Share Option Plan immediately after the completion of the Global Offering and the Share Subdivision; and (ii) 1,112,160 options granted on 1 March 2023 of which were not vested. For details, please see "Statutory and General Information–D. Pre-IPO Share Option Plan–2. Outstanding share options" in Appendix IV to the Prospectus.

(6) Senyan International L.P. is our employee shareholding platform incorporated in the BVI with limited liability on 16 July 2019 with Xiasen Limited serving as its general partner. Xiasen Limited is wholly owned by Mr. Wang. Senyan was established to reflect the total award shares granted to the eligible employees of our Onshore Holdco held by Beisen Zongheng, prior to the Reorganization. See "History, Reorganization and Corporate Structure" in the Prospectus for details. As such, each of Mr. Wang and Xiasen Limited is deemed to be interested in 30,670,350 Shares owned by Senyan International L.P. under the SFO.

Interests in Associated Corporations

Name of Director or Chief Executive	Name of associated corporation	Nature of Interest	Number of shares interested in associated corporation	Approximate percentage of interests
Mr. Wang[(2)]	Onshore Holdco	Beneficial interest	21,274,997 (L)	38.12%
		Interest in controlled corporation	8,205,658 (L)	14.70%
		Interests held jointly with another person	21,272,996 (L)	38.12%
Mr. Ji[(3)]	Onshore Holdco	Beneficial interest	21,272,996 (L)	38.12%
		Interest in controlled corporation	8,205,658 (L)	14.70%
		Interests held jointly with another person	21,274,997 (L)	38.12%

Notes:

(1) The letter "L" denotes the person's long position in the shares of the Onshore Holdco.

(2) As at the date of this report, there were 55,805,203 shares of the Onshore Holdco in issue.

(3) Mr. Wang and Mr. Ji are the limited partners holding approximately 64.07% and 35.92% partnership interests in Beijing Beisen Zongheng Investment Management Center (Limited Partnership) (北京北森縱橫投資管理中心(有限合夥)) ("**Beisen Zongheng**"), a Registered Shareholder and a limited partnership established in the PRC, which holds 8,000,658 shares of the Onshore Holdco. Mr. Wang and Mr. Ji are the limited partners holding approximately 98.33% and 1.36% partnership interests respectively in Beijing Beisen Investment Management Center (Limited Partnership) (北京北森投資管理中心(有限合夥)) ("**Beisen Investment**"), a Registered Shareholder and a limited partnership established in the PRC, which holds 205,000 shares of the Onshore Holdco. Beijing Beisen Asset Management Co., Ltd. (北京北森資產 管理有限公司) ("**Beisen Asset**"), a limited liability company established in the PRC, is the general partner of Beisen Zongheng and Beisen Investment, which is owned as to 50% by Mr. Wang and 50% Mr. Ji. Under the Onshore Acting-in-concert Agreement, each of Mr. Wang, Mr. Ji, Beisen Zongheng and Beisen Investment held in aggregate 90.95% in the registered capital in the Onshore Holdco. Under the SFO, Mr. Wang is deemed to be interested in the shares of the Onshore Holdco held by Beisen Zongheng, Beisen Investment and Mr. Ji, while Mr. Ji is deemed to be interested in the shares of the Onshore Holdco held by Beisen Zongheng, Beisen Investment and Mr. Wang. For details, please refer to the Prospectus.

Save as disclosed above and to the best knowledge of our Directors, none of the Directors or chief executive of our Company had or was deemed to have any interest or short positions in the Shares, underlying Shares or debentures of our Company or any of its associated corporations as at the date of this report.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As the Company has not been listed on the main board of the Stock Exchange as at 31 March 2023, Divisions 2 and 3 of Part XV and section 336 of the SFO are not applicable to the substantial shareholders of the Company and other persons as at 31 March 2023.

As at the date of this report, the persons, other than our Directors or the chief executive of our Company, who had interests or short positions in the Shares and underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by our Company pursuant to Section 336 of the SFO are as follows:

Name of substantial shareholder	Capacity/Nature of Interest	Number of Shares interested [1]	Approximate percentage of shareholding (%)
Zhaosen Holding Limited[3]	Beneficial Interest	81,054,370 (L)	11.33 (L)
Huisen Holding Limited[3]	Interest in controlled corporation	81,054,370 (L)	11.33 (L)
Sen Talent Holdings Limited[3]	Interest in controlled corporation	81,054,370 (L)	11.33 (L)
Weisen Holding Limited[4]	Beneficial Interest	80,644,370 (L)	11.27 (L)
Guosen Holding Limited[4]	Interest in controlled corporation	80,644,370 (L)	11.27 (L)
Sen Platform Holdings Limited[4]	Interest in controlled corporation	80,644,370 (L)	11.27 (L)
Ark Trust (Singapore) Ltd.[3] [4]	Interest in controlled corporation	161,698,740 (L)	22.61 (L)
Ms. Zhou Dan (周丹)[3]	Beneficiary of a trust	81,837,780 (L)	11.44 (L)
	Interest of Spouse	32,174,550 (L)	4.50 (L)
	Beneficial Interest	1,277,160 (L)	0.18 (L)
Jingwei Chuangda (Hangzhou) Venture Capital Investment L.P.[5]	Beneficial Interest	55,913,990 (L)	7.82 (L)
Hangzhou Jingwei Tengchuang Investment Management Partnership (Limited Partnership)[5]	Interest in controlled corporation	55,913,990 (L)	7.82 (L)
Shanghai Jingwei Equity Investment Management Co., Ltd.[5]	Interest in controlled corporation	55,913,990 (L)	7.82 (L)
Shanghai Chuangji Investment Center L.P.[5]	Beneficial Interest	50,286,670 (L)	7.03 (L)
Shanghai Changchuang Investment Management Partnership (Limited Partnership)[5]	Interest in controlled corporation	50,286,670 (L)	7.03 (L)
Shanghai Jingsheng Investment Management Co., Ltd.[5]	Interest in controlled corporation	50,286,670 (L)	7.03 (L)
Mr. Zuo Lingye (左凌烨)[5]	Interest in controlled corporation	106,200,660 (L)	14.85 (L)
Max Woods Limited[6]	Beneficial Interest	64,039,900 (L)	8.95 (L)
Beijing Sequoia Huansen Management Consulting Center (Limited Partnership)[6]	Interest in controlled corporation	64,039,900 (L)	8.95 (L)
Tianjin Sequoia Juye Equity Investment Partnership (Limited Partnership)	Interest in controlled corporation	64,039,900 (L)	8.95 (L)

Name of substantial shareholder	Capacity/Nature of Interest	Number of Shares interested [1]	Approximate percentage of shareholding (%)
Shanghai Zhexuan Investment Partnership (L.P.)[6]	Interest in controlled corporation	64,039,900 (L)	8.95 (L)
Sequoia Capital Equity Investment Management (Tianjin) Co., Ltd.[6]	Interest in controlled corporation	64,039,900 (L)	8.95 (L)
Mr. Zhou Kui[6]	Interest in controlled corporation	64,039,900 (L)	8.95 (L)
Genesis Capital I LP[7]	Beneficial Interest	56,509,000 (L)	7.90 (L)
Genesis Capital Ltd[7]	Interest in controlled corporation	56,509,000 (L)	7.90 (L)
Yuan Capital Ltd[7]	Interest in controlled corporation	56,509,000 (L)	7.90 (L)
Mr. PENG Zhijian[7]	Interest in controlled corporation	56,509,000 (L)	7.90 (L)
SCGC Holding Company Limited[8]	Beneficial Interest	54,619,630 (L)	7.64 (L)
Shenzhen Capital (Hong Kong) Company Limited[8]	Interest in controlled corporation	54,619,630 (L)	7.64 (L)
Shenzhen Capital Group Co., Ltd.[8]	Interest in controlled corporation	54,619,630 (L)	7.64 (L)
SVF II Bandicoot (DE) LLC[9]	Beneficial Interest	41,041,130 (L)	5.74 (L)
SVF II Investment Holdings (Subco) LLC[9]	Interest in controlled corporation	41,041,130 (L)	5.74 (L)
SVF II Investment Holdings LLC[9]	Interest in controlled corporation	41,041,130 (L)	5.74 (L)
SVF II Holdings (DE) LLC[9]	Interest in controlled corporation	41,041,130 (L)	5.74 (L)
SVF II Aggregator (Jersey) L.P.[9]	Interest in controlled corporation	41,041,130 (L)	5.74 (L)
SVF II GP (Jersey) Limited[9]	Interest in controlled corporation	41,041,130 (L)	5.74 (L)
SoftBank Vision Fund II-2 L.P.[9]	Interest in controlled corporation	41,041,130 (L)	5.74 (L)
SB Global Advisers Capital Markets Limited[9]	Interest in controlled corporation	41,041,130 (L)	5.74 (L)
SB Global Advisers Limited[9]	Interest in controlled corporation	41,041,130 (L)	5.74 (L)
SoftBank Group Corp.[9]	Interest in controlled corporation	41,041,130 (L)	5.74 (L)
Matrix Partners China V, L.P.[11]	Beneficial interest	32,892,050 (L)	4.60 (L)
Matrix Partners China V-A, L.P.[11]	Beneficial interest	3,420,660 (L)	0.48 (L)
Matrix China Management V, L.P.[11]	Interest in controlled corporation	36,312,710 (L)	5.08 (L)
Matrix China V GP GP, Ltd.[11]	Interest in controlled corporation	36,312,710 (L)	5.08 (L)

Notes:

(1). The number of Shares held assuming that all of the Preferred Shares have been converted into the Shares on a one-to-one basis, and the letter "L" denotes the person's long position in the Shares.

(2). As at the date of this report, there were 715,297,060 Shares in issue.

(3). Zhaosen Holding Limited is a limited liability company which is owned by (i) Xiasen Limited as to 1%, an exempted company with limited liability wholly owned by Mr. Wang and (ii) Huisen Holding Limited as to 99%, a limited company incorporated in the BVI wholly owned by Sen Talent Holdings Limited, a BVI limited company, which is in turn wholly owned by Ark Trust (Singapore) Ltd., as the trustee for a trust established by Mr. Wang (as settlor and protector) for the benefit of Mr. Wang and his family. As such, each of Mr. Wang, Ark Trust (Singapore) Ltd., Sen Talent Holdings Limited and Huisen Holding Limited is deemed to be interested in 81,054,370 Shares owned by Zhaosen Holding Limited under the SFO.

Ms. Zhou Dan (周丹), Mr. Wang' spouse, was granted, taking into account of the Share Subdivision, (i) 783,410 options on 1 January 2019 pursuant to the Pre-IPO Share Option Plan, which were all exercised and 783,410 Shares were issued pursuant to the Pre-IPO Share Option Plan immediately after the completion of the Global Offering and the Share Subdivision, and (ii) 1,277,160 options on 1 March 2023, which were not vested. The issued 783,410 Shares are held by Chunsen Holding Limited, one of the employee shareholding platforms incorporated in the BVI wholly owned by Futu Trustee Limited under the Sen Talent Trust, and Ms. Zhou Dan is one of the beneficiaries. For details, see "Statutory and General Information–D. Pre-IPO Share Option Plan–2. Outstanding share options" in the Appendix IV of the Prospectus. Ms. Zhou Dan is also deemed to be interested in the Shares Mr. Wang is interested in under the SFO.

(4). Weisen Holding Limited is a limited liability company which is owned by (i) Xisen Limited as to 1%, an exempted company with limited liability wholly owned by Mr. Ji and (ii) Guosen Holding Limited as to 99%, a limited company incorporated in the BVI wholly owned by Sen Platform Holdings Limited, a BVI limited company, which is in turn wholly owned by Ark Trust (Singapore) Ltd., as the trustee for a trust established by Mr. Ji (as settlor and protector) for the benefit of Mr. Ji and his family. As such, each of Mr. Ji, Ark Trust (Singapore) Ltd., Sen Platform Holdings Limited and Guosen Holding Limited is deemed to be interested in 80,644,370 Shares owned by Weisen Holding Limited under the SFO. As of the date of this report, Mr. Ji was granted 1,500,000 options pursuant to the Pre-IPO Share Option Plan on 1 March 2023, details of which are set out in "Statutory and General Information–D. Pre-IPO Share Option Plan–2. Outstanding share options" in the Appendix IV of the Prospectus.

(5) Jingwei Chuangda (Hangzhou) Venture Capital Partnership (Limited Partnership) (經緯創達(杭州)創業投資合夥企業(有限合夥)) is a limited liability partnership established in the PRC with Hangzhou Jingwei Tengchuang Investment Management Partnership (Limited Partnership) (杭州經緯騰創投資管理合夥企業(有限合夥)), an Independent Third Party whose general partner is Shanghai Jingwei Equity Investment Management Co., Ltd. (上海經為股權投資管理有限公司, "**Shanghai Jingwei**"), acting as its general partner. Shanghai Chuangji Investment Center (Limited Partnership) (上海創稷投資中心(有限合夥)) is a limited liability partnership established in the PRC with Shanghai Changchuang Investment Management Partnership (Limited Partnership) (上海昶創投資管理合夥企業(有限合夥)), an Independent Third Party whose general partner is Shanghai Jingsheng Investment Management Co., Ltd. (上海經勝投資管理有限公司, "**Shanghai Jingsheng**"), acting as its general partner. Both Shanghai Jingwei and Shanghai Jingsheng are investment companies controlled by Mr. Zuo Lingye. As such, Mr. Zuo Lingye is deemed to be interested in 106,200,660 Shares collectively held by Jingwei Chuangda and Chuangji Investment under the SFO.

(6). Max Woods Limited, which was incorporated in the Cayman Islands on 26 July 2018 and wholly owned by Beijing Sequoia Huansen Management Consulting Center (Limited Partnership) (北京紅杉桓森管理諮詢中心(有限合夥), "**Sequoia Huansen**") and ultimately controlled by Sequoia Huansen's general partner, Sequoia Capital Equity Investment Management (Tianjin) Co., Ltd. (紅杉資本股權投資管理(天津)有限公司, "**Sequoia Tianjin**"). Mr. Zhou Kui held 70% interests in Sequoia Tianjin. As such, each of Sequoia Huansen, Sequoia Tianjin and Mr. Zhou Kui is deemed to be interested in 64,039,900 Shares held by Max Woods Limited under the SFO.

(7). Genesis Capital I LP ("**Genesis Capital**"), an exempted limited partnership established in the Cayman Islands in July 2015, of which the general partner is Genesis Capital Ltd., which is wholly owned by Yuan Capital Ltd. and thus in turn wholly owned by Mr. Peng Zhijian. As such, each of Genesis Capital Ltd., Yuan Capital Ltd. and Mr. Peng Zhijian is deemed to be interested in 56,509,000 Shares held by Genesis Capital.

(8). SCGC Holding Company Limited ("**SCGC**") is a company incorporated under the laws of the BVI, wholly-owned by Shenzhen Capital (Hong Kong) Company Limited which is in turn wholly owned by Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司, "**Shenzhen Capital**"). As such, each of Shenzhen Capital (Hong Kong) Company Limited and Shenzhen Capital is deemed to be interested in 54,619,630 Shares held by SCGC.

(9). SVF II Bandicoot (DE) LLC ("**SVF Bandicoot**") is a company incorporated in Delaware, United States, which is directly owned by SVF II Investment Holdings (Subco) LLC. The sole member of SVF II Investment Holdings (Subco) LLC is SVF II Investment Holdings LLC, which is controlled by SVF II Holdings (DE) LLC. The sole member of SVF II Holdings (DE) LLC is SVF II Aggregator (Jersey) L.P., whose general partner is SVF II GP (Jersey) Limited and sole limited partner is SoftBank Vision Fund II-2 L.P., both of which are in turn ultimately wholly owned by SoftBank Group Corp., a company listed on Tokyo Stock Exchange(stock code: 9984). As such, each of SVF II Investment Holdings (Subco) LLC, SVF II Investment Holdings LLC, SVF II Holdings (DE) LLC, SVF II Aggregator (Jersey) L.P., SVF II GP (Jersey) Limited, SoftBank Vision Fund II-2 L.P. SB Global Advisers Capital Markets Limited, SB Global Advisers Limited and SoftBank Group Corp. is deemed to be interested in 41,041,130 Shares held by SVF Bandicoot.

(10). Matrix China V GP GP, Ltd. is the general partner of Matrix China Management V, L.P., which is the general partner of both Matrix Partners China V, L.P. ("**Matrix V**") and Matrix Partners China V-A, L.P. ("**Matrix V-A**"). As such, each of Matrix China V GP GP, Ltd. and Matrix China Management V, L.P. is deemed to be interested in 36,312,710 Shares collectively held by Matrix V and Matrix V-A under the SFO.

Save as disclosed above and to the best knowledge of our Directors, as at the date of this report, we were not aware of any other person (other than the Directors or the chief executive of our Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred therein.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, at no time during the year ended 31 March 2023 was the Company or any of its subsidiaries, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouse or children under the age of 18 had any right to subscribe for the share capital or debt securities of the Company or any other body corporate or had exercised any such right.

DIRECTORS' AND THE SINGLE LARGEST GROUP OF SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in this report, each of the Directors and the members of the Single Largest Group of Shareholders confirms that as at 31 March 2023, he/she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business and requires disclosure under Rule 8.10 of the Listing Rules. From time to time our non-executive Directors may serve on the boards of both private and public companies within the broader information technology and software industries. However, as these independent non-executive Directors are not members of our executive management team, we do not believe that their interests in such companies as directors would render us incapable of carrying on our business independently from the other companies in which these Directors may hold directorships from time to time.

CONFLICT OF INTERESTS BETWEEN THE GROUP AND THE SINGLE LARGEST GROUP OF SHAREHOLDERS

The Company has received the annual confirmation from the Single Largest Group of Shareholders in respect of the conflict of interests between the Group and the Single Largest Group of Shareholders, and the Single Largest Group of Shareholders confirmed that there was no conflict of interests between the Group and the Single Largest Group of Shareholders from the Listing Date to the date of this report. The independent non-executive Directors also reviewed whether there was any conflict of interests between the Group and the Single Largest Group of Shareholders. The independent non-executive Directors confirmed that there was no conflict of interests between the Group and the Single Largest Group of Shareholders from the Listing Date to the date of this report.

DISCLOSURE PURSUANT TO RULE 13.20, 13.21 AND 13.22 OF THE LISTING RULES

There were no information required for disclosure by the Company under Rules 13.20, 13.21 and 13.22 of the Listing Rules during the Reporting Period.

CONNECTED AND CONTINUING CONNECTED TRANSACTIONS

Among the related party transactions disclosed in note 32 to the consolidated financial statements, the following transactions constitute connected transaction, or continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules and are required to be disclosed in this report in accordance with Rule 14A.71 of the Listing Rules. The Company confirmed that the related party transactions fall under the definition of "connected transaction" or "continuing connected transaction" (as the case may be) in Chapter 14A of the Listing Rules, and it had complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules. Please see below the information required to be disclosed in compliance with Chapter 14A of the Listing Rules.

Contractual Arrangements

Reasons for using the Contractual Arrangements

The operation of a cloud-based unified PaaS infrastructure to serve as the technology bedrock of all of the Group's solutions and services, including the cloud-based HCM solutions and the professional services business by the Onshore Holdco is subject to the restrictions under PRC regulations relating to the value-added telecommunication services. To comply with PRC laws and regulations and the Listing Rules, we determined that it was not viable for our Company to hold the Consolidated Affiliated Entity directly through equity ownership. Instead, we decided that, in line with common practice in industries subject to foreign investment restrictions in the PRC, through the Contractual Arrangements amongst (1) Beijing WFOE, (2) the Onshore Holdco, and (3) the Registered Shareholders, we would be able to (i) gain effective control over the Consolidated Affiliated Entity; (ii) all of the economic benefits generated by the businesses currently operated by the Consolidated Affiliated Entity going forward; and (iii) have an exclusive option to purchase all or part of the equity interest in or all or part of the assets of or inject registered capital into the Onshore Holdco when and to the extent permitted by PRC law.

In order to comply with the PRC laws and regulations and the Listing Rules, while availing ourselves of international capital markets and maintaining effective control over all of our operations, the Contractual Arrangements were entered into on 25 September 2018 and were restated and amended on 13 August 2020, 9 April 2021 and 27 December 2021, whereby Beijing WFOE will acquire effective control over the financial and operational policies of Onshore Holdco, and will become entitled to all the economic benefits derived from its operations.

Summary of the Material Terms of the Contractual Arrangements

A description of each of the specific agreements that comprise the Contractual Arrangements entered into by and among Beijing WFOE, Onshore Holdco, and the Registered Shareholders is set out below.

Exclusive Business Cooperation Agreement

Under the exclusive business cooperation agreement (the "**Exclusive Business Cooperation Agreement**"), Onshore Holdco appoints Beijing WFOE as its exclusive services provider to provide Onshore Holdco the following services during the term of the Exclusive Business Cooperation Agreement:

(1). the use of any relevant software legally owned by the Beijing WFOE;

(2). development, maintenance and updating of software in respect of the businesses of the Onshore Holdco;

(3). design, installation, daily management, maintenance and updating of network systems, hardware and database;

(4). providing technical support and professional training services to relevant staff of the Onshore Holdco;

(5). providing assistance in consultancy and research of relevant technology; and

(6). other services negotiated and specified from time to time, based on the actual business requirements of the Onshore Holdco and the services capacity of the Beijing WFOE, to the extent permitted by PRC laws and regulations.

In consideration of the services provided by Beijing WFOE, Onshore Holdco shall pay Beijing WFOE monthly fees, which shall be of reasonable prices in accordance with the scope and nature of the services, and shall consist of 100% of the total consolidated profit of Onshore Holdco, after deduction of any accumulated deficit of Onshore Holdco in the preceding financial year(s), working capital, expenses, taxes and other statutory contributions. Notwithstanding the foregoing, Beijing WFOE may adjust the scope and amount of service fees according to PRC tax law and tax practices, and Onshore Holdco shall accept such adjustments. Beijing WFOE shall calculate the service fees on a monthly basis and issue a corresponding value-added tax invoice to the Onshore Holdco, at the tax rate stipulated by current PRC laws regarding value-added tax. Notwithstanding the payment agreements in the Exclusive Business Cooperation Agreement, Beijing WFOE may adjust the payment time and payment method, and the Onshore Holdco shall accept any such adjustment.

Loan Agreements

Pursuant to the loan agreements (the "**Loan Agreements**"), Beijing WFOE provided Mr. Wang and Mr. Ji, being shareholders of Onshore Holdco with a loan in the aggregate amount of RMB351,286,200 to fund business activities and other uses (including acquiring shares in the Onshore Holdco held by its other then shareholders) as permitted by Beijing WFOE. Mr. Wang and Mr. Ji agreed that the proceeds from the transfer of any and/or all of the shares they hold in Onshore Holdco, pursuant to the exercise of the right to acquire such shares by Beijing WFOE under the Exclusive Option Agreement (defined below), shall only be used by Mr. Wang and Mr. Ji to repay the loan to the extent permitted under the PRC law. The Loan Agreements will remain effective until 10 years after the actual remittance date of such loan, which is extendable upon agreement by the parties to the Loan Agreements. During the term of the Loan Agreements, Beijing WFOE has the right, at its sole and absolute discretion, to accelerate maturity of loan at any time upon the occurrence of certain circumstances.

Exclusive Option Agreement

Under the exclusive option agreement entered into among Beijing WFOE, the Registered Shareholders, and Onshore Holdco (the "**Exclusive Option Agreement**"), Beijing WFOE have a right to require the Registered Shareholders to transfer any and all of the shares of Onshore Holdco they hold to Beijing WFOE and/or a third party designated by it, in whole or in part, at any time and from time to time, for a nominal price, at the lowest purchase price that permitted by the PRC laws or, for Mr. Wang and Mr. Ji, at the price equivalent to the aggregate amount of the loan provided to them by Beijing WFOE under the Loan Agreements.

Share Pledge Agreement

Pursuant to the share pledge agreement (the "**Share Pledge Agreement**"), each Registered Shareholder, has pledged all of such shareholder's shares in Onshore Holdco as a security interest, as applicable, to respectively guarantee Onshore Holdco and the Registered Shareholders' performance of their obligations under the relevant contractual arrangement, which include the Exclusive Business Cooperation Agreement, Exclusive Option Agreement, Proxy Agreement and the Loan Agreements. If Onshore Holdco or any of the Registered Shareholder breaches their contractual obligations under these agreements, Beijing WFOE, as pledgee, will be entitled to certain rights regarding the pledged shares. In the event of such breaches, upon giving written notice to the Registered Shareholders, Beijing WFOE to the extent permitted by PRC laws may exercise the right to enforce the pledge, which is being paid in priority with the shares of Onshore Holdco from the proceeds from auction or sale of the shares and request the amount owed by Mr. Wang and Mr. Ji under the Loan Agreements be repaid immediately. Each of the Registered Shareholders agrees that, during the term of the Share Pledge Agreement, such Registered Shareholder shall not transfer the shares, place or permit the existence of any security interest or other encumbrance on the shares or any portion thereof, without the prior written consent of Beijing WFOE. The Registered Shareholders may receive dividends distributed on the shares only with prior consent of Beijing WFOE.

Proxy Agreement

Under the proxy agreement entered into among Beijing WFOE, the Registered Shareholders, and Onshore Holdco (the "**Proxy Agreement**"), the Registered Shareholders has irrevocably undertaken to appoint Beijing WFOE or its designated persons (including but not limited to directors and their successors and liquidators replacing but excluding those non-independent or who may give rise to conflict of interests) to exercise certain rights relating to all shares held by the Registered Shareholders during the term of the Proxy Agreement to act on behalf of such Registered Shareholder as his/its exclusive agent and as his/its attorney-in-fact to exercise such Registered Shareholder's rights in Onshore Holdco according to the articles of association of Onshore Holdco.

Confirmations from the Registered Shareholders

Each of Mr. Wang and Mr. Ji has confirmed to the effect that (i) his interests do not fall within the scope of communal properties, and his spouse does not have the right to claim any interests in the Onshore Holdco (together with any other interests therein) or exert influence on the day-to-day management and voting matters of the Onshore Holdco; and (ii) in the event of his death, disappearance, incapacity, divorce, marriage or any other event which causes his inability to exercise his rights as a shareholder of the Onshore Holdco, his successors (including his spouse) will not take any actions that would affect his obligations under the Contractual Arrangements.

Spouse undertakings

The spouse of each of Mr. Wang and Mr. Ji, has signed undertakings to the effect that (i) she undertakes not to make any assertions in connection with the shares of Onshore Holdco held by Mr. Wang or Mr. Ji; (ii) she confirms that the performance, amendments and termination of the Contractual Arrangements do not require her further authorization or consents; (iii) she undertakes to execute all necessary documents and to take all necessary actions to ensure the proper performance of the Contractual Arrangements; (iv) in the event that she obtains any shares in Onshore Holdco, she shall be bound by the Contractual Arrangements and comply with the obligations thereunder as a shareholder of Onshore Holdco, and upon Beijing WFOE's request, she shall sign any document in the form and content substantially same as the Contractual Arrangements; (v) she further undertakes that she will not take any action that may violate the purpose or intention of the Contractual Arrangements under any circumstances; and (vi) any undertaking, confirmation, consent and authorization she makes shall not be invalid, prejudiced or otherwise adversely affected by reason of her loss of or restriction on capacity, death, divorce or other similar events.

For details of the major terms of the Contractual Arrangements, please refer to the sub-section headed "Contractual Arrangements – Summary of the material terms of the Contractual Arrangements" in the Prospectus of the Company dated 30 March 2023.

Save as disclosed herein, during the year ended 31 March 2023, there was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted, and none of the Contractual Arrangements has been unwound as none of the restrictions that led to the adoption of Contractual Arrangements has been removed.

Restrictions under the FITE Regulations

On 7 April 2022, the State Council of the PRC issued the Decision to Amend and Abolish Certain Administrative Regulations, which makes amendments to the 2016 FITE Regulations. As compared to the 2016 FITE Regulations, the 2022 FITE Regulations amends the concept of "foreign invested telecommunication enterprises" to "the enterprise which is legally formed by foreign investors within the territory of the PRC and is engaged in provision of telecommunications services", being connected to the concept of "foreign-invested enterprises" under the Foreign Investment Law. The 2022 FITE Regulations adds "except as otherwise provided for by the State" to Article 6 of the 2016 FITE Regulations, demonstrating that there may be exceptions of foreign investors' shareholding ratio in telecommunications sectors under relevant provisions. The 2022 FITE Regulations also removes the qualification requirements (i.e., a good track record and experience in operating value-added telecommunications business) for foreign investors that hold equity interest in PRC companies conducting value-added telecommunication business as set out in the 2016 FITE Regulations and streamlines application process of telecommunication business operation permit and shorten the review time period.

Particulars of the Consolidated Affiliated Entity

Our Consolidated Affiliated Entity, namely, Beijing Beisen Cloud Computing Co., Ltd., or our Onshore Holdco, is a limited liability company established in Beijing, the PRC on 17 May 2005, which is principally engaged in operation of cloud-based unified PaaS infrastructure to serve as the technology bedrock of all of the Group's solutions and services, including the cloud-based HCM solutions and the professional services business.

As at 31 March 2023, the beneficial interest of Beijing Beisen Cloud Computing Co., Ltd. was held as to 47.67% by Mr. Wang, and 43.28% by Mr. Ji.

For the purposes of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", the Consolidated Affiliated Entity will be treated as our Company's subsidiary, and the directors, chief executives or substantial shareholders (as defined in the Listing Rules) of the Consolidated Affiliated Entity and their respective associates will be treated as our Company's "connected persons". As such, transactions between these connected persons and our Group (including for this purpose the Consolidated Affiliated Entity) other than those under the Contractual Arrangements shall comply with Chapter 14A of the Listing Rules.

The transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of the Company.

Revenue and Assets subject to the Contractual Arrangements

For the year ended 31 March 2023, the revenue of Onshore Holdco, subject to the Contractual Arrangements, was RMB286.7 million, accounting for approximately 38.2% of the consolidated revenue of the Group.

As at 31 March 2023, the total assets of Onshore Holdco, subject to the Contractual Arrangements, was RMB269.3 million, accounting for approximately 14.3% of the total assets of the Group.

Review of the Transactions Carried Out under the Contractual Arrangements during the Reporting Period

Our independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that: (i) the transactions carried out during the year ended 31 March 2023 have been entered into in accordance with the relevant provisions of the Contractual Arrangements, have been operated so that the revenue generated by the Consolidated Affiliated Entity has been substantially retained by Beijing WFOE, (ii) no dividends or other distributions have been made by the Consolidated Affiliated Entity to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group; and (iii) any new contracts entered into, renewed or reproduced between our Group and the Consolidated Affiliated Entity during the year ended 31 March 2023 are on normal commercial terms or on terms more favourable to our Group in the ordinary and usual course of our Group's business, fair and reasonable, or advantageous, so far as our Group is concerned and in the interests of our Company and the Shareholders as a whole.

The Board had reviewed the overall performance of and compliance with the Contractual Arrangements for the year ended 31 March 2023.

The Group's auditor has carried out procedures in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants on the transactions carried out pursuant to the Contractual Arrangements and have provided a letter to our Directors with a copy to the Stock Exchange stating that (a) nothing has come to our attention that causes us to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors; (b) nothing has come to our attention that causes us to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (c) with respect of the disclosed continuing connected transactions with Onshore Holdco under the contractual arrangements, nothing has come to our attention that causes us to believe that dividends or other distributions have been made by Onshore Holdco to the holders of the equity interests of Onshore Holdco which are not otherwise subsequently assigned or transferred to the Group.

Risks associated with the Contractual Arrangements and Actions taken by the Company to Mitigate the Risks

We believe the following risks are associated with the Contractual Arrangement. Further details of these risks are set out on pages 63 to 68 in the Prospectus.

- If the PRC government finds that the agreements that establish the structure for operating our businesses in China do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to severe consequences, including the nullification of the contractual arrangements and the relinquishment of our interest in our Consolidated Affiliated Entity.

- Our contractual arrangements may not be as effective in providing operational control as direct ownership. Our Consolidated Affiliated Entity or their shareholders may fail to perform their obligations under our contractual arrangements.

- The shareholders of our Consolidated Affiliated Entity may have conflicts of interest with us, which may materially and adversely affect our business.

- If we exercise the option to acquire equity ownership and assets of our Consolidated Affiliated Entity, the ownership or asset transfer may subject us to certain limitations and substantial costs.

- We may lose the ability to use and enjoy assets held by our Consolidated Affiliated Entity that are material to our business operations if our Consolidated Affiliated Entity declare bankruptcy or become subject to a dissolution or liquidation proceeding.

- Substantial uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.

- Our contractual arrangements may be subject to scrutiny by the PRC tax authorities, and a finding that we owe additional taxes could substantially reduce our consolidated profit and the value of your investment.

Our Group has adopted measures to ensure the effective operation of our Group's businesses with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements, including:

- major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;

- our Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;

- our Company will disclose the overall performance and compliance with the Contractual Arrangements in our annual reports; and

- our Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of Beijing WOFE and our Consolidated Affiliated Entity to deal with specific issues or matters arising from the Contractual Arrangements.

DIRECTORS' AND THE SINGLE LARGEST GROUP OF SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENT AND CONTRACT OF SIGNIFICANCE

Save as disclosed in this report, no Director or an entity connected with a Director or a member of the Single Largest Group of Shareholders was materially interested, either directly or indirectly, in any transaction, arrangement or contract which is significant in relation to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party subsisting for the year ended 31 March 2023.

CONTRACT OF SIGNIFICANCE

Save as disclosed in this report, no contract of significance was entered into between the Company, or one of its subsidiary companies and its Controlling Shareholders or any of their subsidiaries (as applicable) for the year ended 31 March 2023.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed for the year ended 31 March 2023 and up to the date of this report between the Company and a person other than a Director or any person engaged in the full-time employment of the Company.

DIRECTORS' PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, the Company shall indemnify out of the assets of the Company, any Director against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses, whatsoever which he/she may incur as a result of any act or failure to act in carrying out his/her functions other than such liability (if any) that he/she may incur by reason of his/her own actual fraud or wilful default. No Director shall be liable to the Company for any loss or damage incurred by the Company as a result (whether direct or indirect) of the carrying out of his/her functions unless that liability arises through the actual fraud or wilful default of such Director. No person shall be found to have committed actual fraud or wilful default under the Articles of Association unless or until a court of competent jurisdiction shall have made a finding to that effect. As of the date of this report, the Company has arranged appropriate directors' liability insurance coverage for the Directors.

STAFF, REMUNERATION POLICY AND DIRECTORS' REMUNERATION

As at 31 March 2023, we had 2,085 employees (as at 31 March 2022: 2,105 employees). For the year ended 31 March 2023, the Group's total staff costs amounted to approximately RMB940.1 million, including salaries, wages, bonuses, pension costs, other social security costs, housing benefits and other employee benefits and share-based compensation. The Group continued to optimize the incentive-based system in line with business development needs and implemented remuneration policies with competitiveness.

Our Directors receive compensation in the form of fees, salaries, bonuses, other allowances, benefits in kind, contribution to the pension scheme and other share-based compensation. We determine the compensation of our Directors based on each Director's responsibilities, qualification, position and seniority.

The Remuneration Committee is responsible for determining, with the delegated responsibility from the Board, the remuneration packages of individual executive Directors and senior management of the Group, or making recommendations to the Board on the remuneration packages of executive Directors, non-executive Directors, independent non-executive Directors and senior management of the Group, which will be approved by the Board. Details of the Directors' remuneration during the Reporting Period are set out in note 33 to the consolidated financial statements. No amount was paid to any Director or any of the five highest paid individual disclosed in note 10 to the consolidated financial statements as an inducement to join or upon joining the Company or as a compensation for loss of office. In addition, there was no arrangement under which a Director waived or agreed to waive any remuneration.

SHARE SCHEMES

We adopted the Pre-IPO Share Option Plan on 15 July 2019, which was amended on 23 April 2020, 26 September 2021 and 31 December 2021. We have also adopted the RSU Plan on 31 December 2021.

PRE-IPO SHARE OPTION PLAN

The Pre-IPO Share Option Plan of our Company was adopted by the Board on 15 July 2019, and amended on 23 April 2020, 26 September 2021 and 31 December 2021.

The following is a summary of the principal terms of the Pre-IPO Share Option Plan. The terms of the Pre-IPO Share Option Plan are not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve any grant of options by our Company to subscribe for new Shares after Listing.

Summary of Terms

Purposes

The purposes of the Pre-IPO Share Option Plan are to attract and retain the best available personnel, to provide additional incentives to the Directors, employees and consultants of the Company, and to promote the success of the Company's business.

Participants

We may grant options (the "**Options**") to employees, consultants and directors of the Company and/or related entity(ies), which include, among others, the Onshore Holdco, Beijing WFOE and Chengdu WFOE.

Maximum Number of Shares

The maximum aggregate number of Shares which may be issued pursuant to all Options shall not exceed 79,728,830 Shares (proportionally adjusted to reflect any share dividends, share splits, or similar transactions).

As of the date of this report, taking into account the capitalization adjustments, the Company has granted Awards in the form of options pursuant to the Pre-IPO Share Option Plan representing a total of 79,725,600 underlying Shares, representing approximately 11.15% of the issued Shares of the Company on the date of this report.

Prior to the Listing, the Company had granted Options to subscribe for an aggregate of 79,725,600 Shares to Directors, senior management and employees of the Group, of which Options to subscribe for 23,761,790 Shares had been exercised prior to the Listing Date.

Our Company will not grant any further Options under the Pre-IPO Share Option Plan upon Listing.

Administration

The Pre-IPO Share Option Plan shall be administered by the Board or a committee designated by the Board (the "**Administrator**") in accordance with any applicable laws, regulations, rules of any jurisdiction applicable to the Options and the memorandum and the then effective articles of association of the Company. Once appointed, such committee shall continue to serve in its designated capacity until otherwise directed by the Board. The Board may authorize one or more officers or directors to grant the Awards and may limit such authority as the Board determines from time to time.

The Administrator determines and approves, among other things, the participants eligible to receive Options, the number of Options to be granted to each eligible participant, the forms of award agreements for use under the Pre-IPO Share Option Plan, and the terms and conditions of each Options granted including, but not limited to, the vesting schedule, repurchase provisions, rights of first refusal, forfeiture provisions, form of payment (cash, Shares, or other consideration) upon settlement of the Options, payment contingencies, and satisfaction of any applicable performance criteria.

Maximum Entitlement of a Participant

There are no restrictions on the maximum entitlement of a participant under the terms of the Pre-IPO Share Option Plan.

Exercise Period

Subject to applicable laws, any Option granted shall be exercisable at such times and under such conditions as determined by the administrator under the terms of the Pre-IPO Share Option Plan and specified in the award agreement.

An Option shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Option by the person entitled to exercise the Option and full payment for the Shares with respect to which the Option is exercised.

Vesting Schedule

The Awards to be issued to any grantee under the Pre-IPO Share Option Plan shall be subject to the vesting schedule as specified in the award agreement of such grantee. The Administrator shall have the right to adjust the vesting schedule of the Options granted to the Grantees.

Acceptance of Options

No consideration is payable by the grantee upon acceptance of the Option.

Exercise Price or Consideration

The exercise or purchase price, if any, for an Option shall be determined by the Administrator. In addition, subject to the applicable laws, the consideration to be paid for the Shares to be issued upon exercise or purchase of an Option under the Pre-IPO Share Option Plan including the method of payment, shall also be determined by the Administrator.

Terms, remaining life and conditions of the Pre-IPO Share Option Plan

Unless terminated earlier, the Pre-IPO Share Option Plan has a term of ten (10) years after the date of adoption on 15 July 2019. In general, the term of each Option shall be the term stated in the award agreement. Subject to the applicable laws, the Awards shall be transferable (i) by will and by the laws of descent and distribution and (ii) during the lifetime of the grantee, only to the extent and in the manner approved by the Administrator. Notwithstanding the foregoing, the grantee may designate one or more beneficiaries of the grantee's Options in the event of the grantee's death on a beneficiary designation form provided by the Administrator.

As at the date of this report, the remaining life of the Pre-IPO Share Option Plan was about six years and one month.

Termination

The Board may at any time amend, suspend or terminate the Pre-IPO Share Option Plan; provided, however, that no such amendment shall be made without the approval of the Company's shareholders to the extent such approval is required by applicable laws. No Option may be granted during any suspension of the Pre-IPO Share Option Plan or after termination of the Pre-IPO Share Option Plan. Unless otherwise determined by the Administrator in good faith, the suspension or termination of the Pre-IPO Share Option Plan shall not materially adversely affect any rights under Options already granted to a grantee.

Outstanding share options granted

As of 31 March 2023, (i) share options to subscribe for an aggregate of 79,725,600 Shares had been granted to Directors, senior management and employees of the Group, of which (1) share options to subscribe for 23,761,790 Shares had been exercised and issued immediately after the completion of the Global Offering, (2) options to subscribe for 55,821,310 Shares were outstanding and held by grantees, and (3) share options to subscribe for 142,500 Shares were lapsed. No further Options will be granted after Listing. The total number of new Shares available for issue under the Share Option Scheme as at the date of this annual report is 54,050,060, which represents approximately 7.56% of the total issued Shares as at the date of this annual report.

Details of the share options granted under the pre-IPO Share Options as at 31 March 2023 are set out below:

Name or category of grantee	Outstanding as at 21 March 2023 *(Note 1)*	Granted during the Reporting Period *(Note 2)*	Exercised during the Reporting Period *(Note 2)*	Cancelled during the Reporting Period *(Note 2)*	Lapsed during the Reporting Period *(Note 2)*	Outstanding as at 31 March 2023	Date of Grant	Exercise Price *(US$/Share)*	Vesting Period	Exercise Period	Share closing price immediately before the date of grant of share options	Weighted average share closing price immediately before the exercise dates
Directors (including former directors), Senior Management and their Associates												
Mr. Wang	1,500,000	1,500,000	0	0	0	1,500,000	1 March 2023	0.00001	48 months	*Note 7*	N/A *(Note 6)*	N/A
Mr. Ji	1,500,000	1,500,000	0	0	0	1,500,000	1 March 2023	0.00001	48 months	*Note 7*	N/A *(Note 6)*	N/A
Ms. Liu	1,112,160	1,112,160	0	0	0	1,112,160	1 March 2023	0.00001	48 months	*Note 7*	N/A *(Note 6)*	N/A
			774,000				1 April 2021	0.001	48 months	*Note 7*	N/A (Note 6)	N/A
			127,500				1 April 2020	0.001	48 months	*Note 7*	N/A *(Note 6)*	N/A
			829,490				1 November 2018	0.001	48 months	*Note 7*	N/A *(Note 6)*	N/A
He Jiabo (賀佳波) *(Note 3)*	–	0	4,460,600	0	0	0	1 January 2018	0.001	Exercised	*Note 7*	N/A *(Note 6)*	N/A
Zhou Dan (周丹) *(Note 4)*	–	0	783,410	0	0	0	1 January 2019	0.001	Exercised	*Note 7*	N/A *(Note 6)*	N/A
	1,277,160	1,277,160	0	0	0	1,277,160	1 March 2023	0.00001	48 months	*Note 7*	N/A *(Note 6)*	N/A
Subtotal	**5,389,320**	**5,389,320**	**6,975,000**	**0**	**0**	**5,389,320**						
Former Consultant of the Group												
Xu Hao (徐皞) *(Note 5)*	143,750	0	0	0	0	143,750	30 December 2019	0.00001	Vested at the date of grant	*Note 7*	N/A *(Note 6)*	N/A
Subtotal	**143,750**	**0**	**0**	**0**	**0**	**143,750**						
Employee Participants of the Group												
Other employees	50,430,740	12,715,830	16,786,790	0	142,500	50,288,240	1 January 2009 – 1 March 2023	0.00001–0.487	Nil or 48 months *(Note 7)*	*Note 7*	N/A *(Note 6)*	N/A
Subtotal	**50,430,740**	**12,715,830**	**16,786,790**	**0**	**142,500**	**50,288,240**						
Total	**55,963,810**	**18,105,150**	**23,761,790**	**0**	**142,500**	**55,821,310**						

(1) Being the latest practicable date for ascertaining information in the Prospectus.

(2) Such Options were granted before the Listing Date of 13 April 2023, and the Listing Date was after the end of the financial year ended 31 March 2023. The information is based on the disclosure in the Prospectus.

Based on the disclosure in the Prospectus, 36,775,600 Options were granted to other employees of the Group between 1 January 2009 and 1 March 2023. For the purpose of disclosure herein, it is assumed that among these 36,775,600 Options, no Options were granted during the Reporting Period.

For the exercised Options, it is assumed that they were exercised during the Reporting Period. Shares were issued immediately after the completion of the Global Offering.

(3) Mr. He Jiabo resigned as a Director with effect from 30 November 2022.

(4) Ms. Zhou Dan is the spouse of Mr. Wang, an executive Director and Chairman of the Board.

(5) Mr. Xu Hao has served as a consultant of the Group from November 2018 to March 2020, details of which are set out in the "Waivers and Exemption – Waiver and Exemption in Relation to the Pre-IPO Share Option Plan" of the Prospectus.

(6) Such Options were granted before the Listing Date and therefore the share closing price immediately before the date of grant of the Options is not applicable.

(7) Five years from the date of grant.

(8) Among the Options granted to the employees, only the grant of 699,550 Options to one employee was made without a vesting schedule and such Options were exercised prior to the Listing.

(9) The Options granted under the Pre-IPO Share Option Plan are subject to fulfillment of the key performance index ("**KPI**") of such year, meaning the key performance index of the grantee for the applicable year duly determined by the Company.

(10) None of the grant to any participant was in excess of 1% individual limit.

(11) Details of the valuation of the Options, including the accounting standard and policy adopted for the Pre-IPO Share Option Plan, are set out in Note 24 to the consolidated financial statements.

(12) As the Listing Date is 13 April 2023, Rule 17.07(3) of the Listing Rules is not applicable since no Shares would be issued in respect of the Options granted under the Pre-IPO Share Option Plan as at 31 March 2023.

RSU Plan

The Company has conditionally adopted the RSU Plan by Shareholders' resolutions dated 31 December 2021 (as amended by further resolutions of the Shareholders on 23 March 2023, with effect from the Listing Date). The RSU Plan will comply with amended provision in Chapter 17 of the Listing Rules which became effective from 1 January 2023. The Company may appoint a trustee (the "**RSU Trustee**") to administer the RSU Plan with respect to the grant of any Award (as defined below), by way of restricted share unit(s) (the "**RSU(s)**"), which may vest in the form of Shares (the "**Award Shares**") or the actual selling price of the Award Shares in cash in accordance with the RSU Plan.

Eligible Persons to the RSU Plan

Any individual, being an employee (the "**Employee**"), Director (including executive Directors, non-executive Directors and independent non-executive Directors) or a person (other than an employee, a Director or a Director of any member of the Group or any affiliate of the Group, solely with respect to rendering services in such persons' capacity as an employee or director of any member of the Group or any affiliate) who provide services to the Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group (the "**Service Provider**") of any member of the Group or any affiliate (including nominees and/or trustees of any employee benefit trust established for them but excluding "**investee companies**") (an "**Eligible Person**" and, collectively "**Eligible Persons**") who the Board considers, in its sole discretion, to have contributed or will contribute to the Group or any affiliate is eligible to receive an award granted by the Board (an "**Award**"), by way of RSUs, which may vest in the form of Award Shares or the actual selling price of the Award Shares of RSUs in cash in accordance with the RSU Plan.

Purpose of the RSU Plan

The purpose of the RSU Plan is to align the interests of Eligible Persons' with those of our Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain Eligible Persons to make contributions to the long-term growth and profits of our Group.

Awards

An Award gives a selected participant a conditional right, when the RSU vests, to obtain the Award Share or, if in the absolute discretion of the Board, it is not practicable for the selected participant to receive the Award in Shares, the cash equivalent from the sale of the Award Shares. For the avoidance of doubt, the Board at its discretion may from time to time determine that any dividends declared and paid by our Company in relation to the Award Shares be paid to the selected participant even though the Award Shares have not yet vested.

Grant of Award

(i) Making the Grant

The Board may, from time to time, at their absolute discretion, select any Eligible Person to be a selected participant (the "**Selected Participant**") and grant an Award to a Selected Participant by way of an award letter (the "**Award Letter**"). The Award Letter will specify the grant date, the number of Award Shares underlying the Award, the vesting criteria and conditions (including the Performance Target(s)), the Vesting Date and such other details as the Board may consider necessary. Subject to the determination of the Board otherwise, no amount is payable by the grantee on the acceptance of an Award, and no purchase price is payable by the grantee on vesting of an Award.

Each grant of an Award to any Director, chief executive or substantial shareholder of our Company, or any of their respective associates shall be subject to the prior approval of the Independent Non-Executive Directors of our Company (excluding any independent non-executive Director who is a proposed recipient of an Award). Our Company will comply with the relevant requirements under Chapter 14A of the Listing Rules for any grant of Shares to connected persons of our Company.

(ii) Restrictions on Grants and Timing of Grants

The Board may not grant any Award to any selected participant in any of the following circumstances:

A. where any requisite approval from any applicable regulatory authorities has not been granted;

B. where any member of our Group will be required under applicable securities laws, rules or regulations to issue a Prospectus or other offer documents in respect of such Award or the RSU Plan, unless the Board determines otherwise;

C. where such Award would result in a breach by any member of our Group or its directors of any applicable securities laws, rules or regulations in any jurisdiction;

D. but for the relevant waivers from the Stock Exchange or approval of Shareholders or independent Shareholders, where such grant of Award would result in a breach of the RSU Plan Limit (as defined below), the Individual Limit (as defined below), Service Providers Limit (as defined below) and the Director, Substantial Shareholder Limit and Chief Executive Limit (as defined below) or the 25% minimum public float requirement as required under the Listing Rules (or such other percentage as approved or agreed by the Stock Exchange), or would otherwise cause our Company to issue Shares in excess of the permitted amount approved by the Shareholders;

E. where an Award is to be satisfied by way of issue of new Shares to the RSU Trustee, in any circumstances that cause the total Shares issued or allotted to connected persons to be in excess of the amount approved by the Shareholders;

F. after inside information has become to our Company's knowledge until (and including) the trading day after our Company has announced the information;

G. during the period commencing one month immediately before the earlier of:

   1. the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the results of the Company for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and

   2. the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on (and including) the date of the results announcement. No Award shall be granted during any period of delay in publishing a results announcement; and

H. during the period of 60 days immediately preceding the publication of the annual results of our Company or, if shorter, the period from the end of the relevant financial year up to the publication date of the results;

I. during the period of 30 days immediately preceding the publication date of the quarterly (if any) or half-yearly results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication of the results.

Maximum Number of Shares to be Granted

The aggregate number of Shares underlying all grants made pursuant to the RSU Plan (excluding Award which have been lapsed in accordance with the RSU Plan) will not exceed 6% of the issued share capital of the Company as of the date of approval of the RSU Plan (being 68,349,127 Shares prior to the Share Subdivision), and subsequently adjusted to 683,491,270 Shares following the Share Subdivision without Shareholders' approval (the "**RSU Plan Limit**"). The Company may seek (i) to refresh the RSU Plan Limit once every three years with Shareholders' approval by way of an ordinary resolution, or (ii) to refresh the RSU Plan Limit within the aforementioned three-year period with independent Shareholders' approval by way of an ordinary resolution, in accordance with the Listing Rules. For the avoidance of doubts, unless otherwise waived by the Stock Exchange, the RSU Plan Limit shall not exceed 10% Shares of issued Shares at the relevant time.

As at the date of this report, no grant of Awards have been made pursuant to the RSU Plan. As such, the total number of shares available for issue under the Post-IPO RSU Scheme remained to be 41,009,476, which represented approximately 5.73% of the Company's total number of issued shares as at the date of this report.

Save as the RSU Plan Limit or as otherwise approved by Shareholders by way of an ordinary resolution in accordance with the Listing Rules, for any 12-month period, the aggregate number of Shares granted to any Selected Participant shall not exceed 1% of the total number of the issued Shares at the relevant time (the "**Individual Limit**") without Shareholders' approval by way of an ordinary resolution in accordance with Rule 17.03D(1) of the Listing Rules.

Subject to the RSU Plan Limit or as otherwise approved by the Shareholders by ordinary resolution in accordance with the Listing Rules, the maximum aggregate number of Shares which may be issued upon the vesting or exercise of the Awards to be granted to Service Providers pursuant to the RSU Plan shall not exceed 0.5% (the "**Service Providers Limit**") of the issued Shares at the relevant time without Shareholders' approval by way of an ordinary resolution.

Subject to the Individual Limit, if the grant of Awards to a Director (including an independent non-executive director) of any member of the Group or any affiliate of the Group, a substantial Shareholder or the chief executive of the Company would result in the Shares issued and to be issued in respect of all Awards granted to such person in any 12-month period exceeding 0.1% of the total number of the issued Shares at the relevant time, such grant of Awards must be approved by the independent Shareholders by way of an ordinary resolution in accordance with Rule 17.04(4) of the Listing Rules.

Rights attached to the Award

Save that the Board at its discretion may from time to time determine that any dividends declared and paid by our Company in relation to the Award Shares be paid to the selected participants even though the RSUs have not yet vested, the selected participant only has a contingent interest in the Award underlying an Award unless and until such Award are actually transferred to the selected participant, nor does he/she have any rights to any related income until the RSUs are vested.

The Award Letter may require the selected participant to grant a power of attorney to the Board or any Person designated by the Board to exercise the voting rights with respect to the Shares and the Company may require the selected participant exercising such Award to acknowledge and agree to be bound by the provisions of the currently effective Articles, the Shareholders Agreements and other documents of the Company in relation to the Shares (if any), as if the Selected Participant is a holder of Ordinary Shares thereunder.

The RSU Trustee shall not exercise the voting rights in respect of any Award Shares which are held under the Trust that have not yet vested.

Issue of Shares and/or transfer of funds to the RSU Trustee

Our Company shall, within a reasonable period as determined by the Board (or its duly appointed administrator), from the Grant Date, (i) issue and allot Shares to the RSU Trustee and/or (ii) transfer to the RSU Trustee the necessary funds and instruct the RSU Trustee to acquire Shares through on-market transactions at the prevailing market price, so as to satisfy the Awards.

Our Company shall not issue or allot Award Shares nor instruct the RSU Trustee to acquire Shares through on-market transactions at the prevailing market price, where such action (as applicable) is prohibited under the Listing Rules, the Securities and Futures Ordinance or other applicable laws from time to time. Where such a prohibition causes the prescribed timing imposed by the RSU Plan Rules or the trust deed to be missed, such prescribed timing shall be treated as extended until as soon as reasonably practicable after the first Business Day on which the prohibition no longer prevents the relevant action.

Assignment of Awards

Unless express written consent is obtained from the Board, any Award granted under the RSU Plan but not yet vested are personal to the selected participants to whom they are granted and cannot be assigned or transferred. A selected participant shall not in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any other person over or in relation to any Award, or enter into any agreement to do so, unless a waiver is granted by the Stock Exchange to allow a transfer of Awards to a vehicle (including a trust or a private company) for the benefit of the Selected Participant and his/her family member (e.g. for estate planning or tax planning purposes), provided such transfer would continue to meet the purpose of the RSU Plan and other requirements under Chapter 17 of the Listing Rules.

Vesting of Awards

The Board may from time to time while the RSU Plan is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the Award to be vested. The vesting period of any Award granted under the RSU Plan, and as specified in the relevant Award Letter, should not be less than 12 months, unless a shorter vesting period is approved by the Board.

Within a reasonable time period as agreed between the RSU Trustee and the Board from time to time prior to any vesting date, the Board will send a vesting notice to the relevant selected participant and instruct the RSU Trustee the extent to which the Award Shares held in the trust shall be transferred and released from the trust to the selected participant or be sold as soon as practicable from the vesting date. Subject to the receipt of the vesting notice and notification from the Board, the RSU Trustee will transfer and release the relevant Award in the manner as determined by the Board or sell the relevant Award Shares and pay the actual selling price to the selected participant within a reasonable time period (in both cases with the related income, if any).

If there is an event of change in control of our Company by way of a merger, a privatization of our Company by way of a scheme or by way of an offer, all Awards will become vested and exercisable immediately and no longer be subject to forfeiture or repurchase right of our Company, according to the terms of the RSU Plan at such times and under such conditions as determined by the Board and set forth in the letter containing the offer or grant of the relevant Awards unless the Board determines otherwise.

Consolidation, subdivision, bonus issue and other distribution

In the event our Company undertakes a subdivision or consolidation of the Shares, corresponding changes will be made to the number of outstanding RSUs that have been granted provided that the adjustments shall be made in such manner as the Board determines to be fair and reasonable in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the RSU Plan for the selected participants. All fractional shares (if any) arising out of such consolidation or subdivision in respect of the Award Shares of a selected participant shall be deemed as returned shares and shall not be transferred to the relevant selected participant on the relevant Vesting Date. The RSU Trustee shall hold returned shares to be applied towards future Awards in accordance with the provisions of the RSU Plan rules for the purpose of the RSU Plan.

In the event of an issue of Shares by our Company credited as fully paid to the holders of the Shares by way of capitalization of profits or reserves (including share premium account), the Shares attributable to any Award Shares held by the RSU Trustee shall be deemed to be an accretion to such Award Shares and shall be held by the RSU Trustee as if they were Award Shares purchased by the RSU Trustee hereunder and all the provisions hereof in relation to the original Award Shares shall apply to such additional Shares.

In the event of any non-cash distribution or other events not referred to above by reason of which the Board considers an adjustment to an outstanding Award to be fair and reasonable, an adjustment shall be made to the number of outstanding RSUs of each selected participant as the Board shall consider as fair and reasonable, in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the RSU Plan for the selected participants. Our Company shall provide such funds, or such directions on application of the returned shares or returned trust funds, as may be required to enable the RSU Trustee to purchase Shares on-market at the prevailing market price to satisfy the additional Award.

In the event of other non-cash and non-scrip distributions made by our Company not otherwise referred to in the RSU Plan rules in respect of the Shares held upon trust, the RSU Trustee shall sell such distribution and the net sale proceeds thereof shall be deemed as related income of the Award Shares or returned trust funds of the returned Shares held upon trust as the case may be.

Termination of Continuous Service

Except as otherwise determined by the Board at the time of the grant of the Award or thereafter, upon termination of an employee's continuous service the applicable restriction period, all Awards that are at that time unvested shall lapse or repurchased in accordance with the Award Letter; provided, however, that the Board may (a) provide in any Award Letter that restrictions or forfeiture and repurchase conditions relating to Awards will be waived in whole or in part in the event of terminations resulting from specified causes, and (b) in other cases waive in whole or in part restrictions or forfeiture and repurchase conditions relating to Awards.

If a selected participant ceases to be an Eligible Person for reasons other than those stated in the above paragraph, any outstanding RSUs and related income not yet vested in the form of Award Shares shall be immediately lapsed and forfeited, unless the board or its delegate(s) determines otherwise at their absolute discretion.

Alteration of the RSU Plan and the Awards

The RSU Plan may be altered in any respect (save for the RSU Plan Limit) by a resolution of the Board provided that no such alteration shall operate to affect adversely any subsisting rights of any selected participant unless otherwise provided for in the rules of the RSU Plan, except:

(i). with the consent in writing of selected participants amounting to three-fourths in nominal value of all RSUs held by the RSU Trustee on that date; or

(ii). with the sanction of a special resolution that is passed at a meeting of the selected participants amounting to three-fourths in nominal value of all RSUs held by the RSU Trustee on that date;

(iii). as required by the Listing Rules or other applicable laws and/or regulations.

Termination and remaining life

The RSU Plan shall terminate on the earlier of:

(i). the end of the period of ten years commencing on the date on which this scheme is adopted except in respect of any non-vested RSUs granted hereunder prior to the expiration of the RSU Plan, for the purpose of giving effect to the vesting in the form of Award Shares of such RSUs or otherwise as may be required in accordance with the provisions of the RSU Plan; and

(ii). such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any selected participant under the rules of the RSU Plan, provided further that for the avoidance of doubt, the change in the subsisting rights of a selected participant in this paragraph refers solely to any change in the rights in respect of the RSUs already granted to a selected participant.

As such, the remaining life of the Post-IPO RSU Scheme is approximately 8.4 years (8 years and 5 months).

Administration of the RSU Plan

The RSU Plan shall be subject to the administration of the Board in accordance with the RSU Plan and, where applicable, the trustee deed. The authority to administer the scheme may be delegated by the Board to a committee of the Board or any person(s) as deemed appropriate at the sole discretion of the Board.

General

As of 31 March 2023, no RSU had been granted or agreed to be granted under the RSU Plan. The grant and vesting of any RSUs which may be granted pursuant to the RSU Plan will be in compliance with Rule 10.08 of the Listing Rules.

EQUITY-LINKED AGREEMENT

Save as disclosed in the sections headed "Pre-IPO Share Option Plan" and "RSU Plan" above, there was no equity-linked agreement entered into by the Company during the year ended 31 March 2023.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2023, the respective percentage of purchases attributable to the Group's largest supplier and five largest suppliers in aggregate was 7.9% and 21.5% and the respective percentage of the total sales attributable to the Group's largest customer and five largest customers in aggregate was 0.7% and 2.2%, respectively. Accordingly, the respective percentage of purchases and sales attributable to the Group's five largest suppliers and five largest customers is less than 30%.

Save as disclosed above, as of the date of this report, none of our Directors, their associates or any of our shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers during the year ended 31 March 2023.

GENERAL MANDATE TO REPURCHASE SHARES

Our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase our own securities with a total number of up to 10% of the total number of our Shares in issue immediately following the completion of the Global Offering (excluding any Shares to be issued pursuant to the exercise of the Over-allotment Option and including 23,761,790 Shares to be issued immediately after the completion of the Global Offering and the Share Subdivision pursuant to the exercised options under the Pre-IPO Share Option Plan).

The repurchase mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which our Shares are listed (and which are recognized by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules.

This general mandate to repurchase Shares will expire at the earliest of:

- the conclusion of the first annual general meeting of the Company following the Global Offering; or
- the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in a general meeting.

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

During the year ended 31 March 2023, the Company has not repurchased any Shares as it was listed on 13 April 2023.

CHARITABLE CONTRIBUTIONS

During the year ended 31 March 2023, the Group has not made any charitable contribution.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as its own code of corporate governance. During the year ended 31 March 2023, the Board is of the opinion that the Company has complied with all the code provisions set out in the CG Code.

Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 70 to 88 of this report.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 March 2023 have been audited by PricewaterhouseCoopers.

PricewaterhouseCoopers shall retire and being eligible, offer itself for re-appointment, and a resolution to this effect shall be proposed at the forthcoming AGM. There was no change in the auditor of the Company in the preceding three years.

By order of the Board of Directors
Beisen Holding Limited
Mr. Wang Zhaohui
Chairman

Chengdu, the PRC, 28 June 2023

CORPORATE GOVERNANCE REPORT

CORPORATE CULTURE

"To create talents through the means of technology and to help Chinese enterprises to equip themselves with world-leading talent management capabilities" is the mission of the Company.

The Company is a leading company engaged in human resources technology in China. Through the use of innovative integrated HR SaaS and talent management platforms, we provide Chinese enterprises with end-to-end total solutions for all technologies and products in human resource management scenarios, including HR software, talent management methodology, employee service ecosystems and low-code platforms. We help enterprises to achieve digital management covering the entire employee lifecycle including recruitment, onboarding, management and offboarding, so as to quickly improve their efficiency for human resource management, to improve their talent management capabilities and help the employees to achieve rapid growth, so as to achieve smart decision making. The vision of the Company is to become one of the most reliable human resources technology companies to clients.

The Company is firmly committed to a high level of corporate governance and adherence to the governance principles and practices emphasising transparency, independence, accountability, responsibility and fairness. These principles and practices are reviewed and revised regularly as appropriate to reflect the ever changing regulatory requirements and corporate governance development. The Board believes that the high standards of corporate governance is the essential core for sustaining the Group's long term performance and value creation for our Shareholders, the investing public and the other stakeholders.

The Company also recognises the importance of integrity, ethical conduct, and responsible business practices, which are instilled and continually reinforced across the Group. It strives to foster a culture of compliance, good corporate governance, and ethical behaviour with its stakeholders to build trust and credibility.

The Board has established the Company's purpose, values, and strategy, and has satisfied itself that the Company's culture is aligned. By acting with integrity and leading by example, the Directors will further and continue to promote the desired culture within the Group.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving good corporate governance standards.

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

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

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

DIRECTORS' SECURITIES TRANSACTIONS

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

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

BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and makes decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing such responsibilities.

Board Composition

The Board currently comprises six Directors, consisting of three executive Directors and three independent non-executive Directors.

Executive Directors

Mr. Wang Zhaohui *(Chairman)*

Mr. Ji Weiguo *(Chief Executive Officer)*

Ms. Liu Xianna *(Chief Financial Officer)*

Independent Non-executive Directors

Mr. Du Kui

Mr. Zhao Hongqiang

Mr. Ge Ke

The biographical information of the Directors is set out in the section headed "Directors and Senior Management – Directors" on pages 31 to 34 of this report.

Save as disclosed in this report, to the best knowledge of the Board, there has been no other financial, business, family, or other material/relevant relationships among members of the Board.

In terms of gender diversity, while there has already been one female Director on the Board as at 31 March 2023, the Company and the Nomination Committee recognise the importance and benefits of gender diversity at the Board level and are committed to continue to identify female candidates and ensure at least one member of the Board shall be female.

As at 31 March 2023, our workforce (including the senior management) consisted of 982 male employees and 1,103 female employees, representing approximately 47.1% and 52.9% of the total workforce, respectively. The Company will continue to take gender diversity into consideration during recruitment and increase the minority gender proportion at all levels over time with the ultimate goal of achieving gender parity. In recognizing the particular importance of gender diversity and that gender diversity at the Board level and our management level can be improved, we are using our best endeavours to ensure the principles of board and gender diversity are integrated into our recruitment process for staff at a mid to senior level so that we will have a pipeline of potential employees (including senior management) and successors to our Board and engage more resources in training staff (particularly female staff) who have extensive and relevant experience in our business, with the aim of promoting them to the senior management or directorship of our Group.

Board Meetings and General Meetings

Code provision C.5.1 of the CG Code stipulates that the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals involving active participation, either in person or through electronic means of communication, of a majority of directors.

Code provision C.2.7 of the CG Code requires the chairman should at least annually hold meetings with independent non-executive Directors without the presence of other directors.

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of no less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

As the Company was listed on 13 April 2023, the Board did not hold Board meeting during the year ended 31 March 2023. After the Listing Date and up to the date of this annual report, the Board held one Board meeting to review, among others, the 2022–2023 annual results of the Group, the general mandate and repurchase mandate, the forthcoming annual general meeting, and reappoint external auditors and Board members. The Company will comply with Code Provision C.5.1 of the CG Code to convene Board meetings at least four times a year at approximately quarterly.

For other Board meetings and Board committee meetings, reasonable notice is generally given. The agenda and accompanying Board papers are dispatched to the Directors or Board committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or Board committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of meetings shall be kept by the joint company secretaries of the Company with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by the Directors.

The AGM is scheduled to be held on 20 September 2023. For details, please refer to the circular for the AGM.

During the year ended 31 March 2023, the Company has not held any Board meetings as the Company was listed on the Stock Exchange on 13 April 2023, shortly after the Reporting Period.

Chairman and Chief Executive Officer

The roles of the Chairman and Chief Executive Officer of the Company are held by Mr. Wang Zhaohui and Mr. Ji Weiguo, respectively. The Chairman focuses on the Board's work related to the operation and management of the Company. The Chief Executive Officer provides overall strategic planning and business direction of the Group and management of the Company. Their respective responsibilities are clearly defined and set out in writing.

Independent Non-executive Directors

During the period from the Listing Date to the date of this report, the Board at all times met (appointed on 30 March 2023) the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

We have received from each of the independent non-executive Directors, namely Mr. Du Kui, Mr. Zhao Hongqiang and Mr. Ge Ke, the confirmation of their respective independence pursuant to Rule 3.13 of the Listing Rules. The Company has duly reviewed the confirmation of independence of each of these Directors. We consider that our independent non-executive Directors have been independent from the date of their appointments to 31 March 2023 and remain so as at the date of this report.

Mechanisms to Ensure Independent Views

The Company ensures independent views and input are available to the Board via the below mechanisms:

1. The Board composition and the independence of the independent non-executive Directors should be reviewed by the Nomination Committee on an annual basis, in particular the portion of the independent non-executive Directors and the independence of the independent non-executive director who has served for more than nine years.

2. A written confirmation was received by the Company under Rule 3.13 of the Listing Rules from each of the independent non-executive Directors in relation to his/her independence to the Company. The Company considers all its independent non-executive Directors to be independent.

3. In view of good corporate governance practices and to avoid conflict of interests, the Directors who are also directors and/or senior management of the Company's controlling shareholders and/or certain subsidiaries of the controlling shareholders, would abstain from voting in the relevant Board resolutions in relation to the transactions with the controlling shareholders and/or its associates.

4. The chairman of the Board shall meet with independent non-executive Directors at least once annually.

5. All members of the Board can seek independent professional advice when necessary to perform their responsibilities in accordance with the company policy.

The Board reviews the mechanisms for ensuring independent views and input are available to the Board on an annual basis, whether in terms of proportion, recruitment and independence of independent non-executive directors, and their contribution and access to external independent professional advice.

Appointment and Re-election of Directors

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years commencing from 30 March 2023, which may be terminated by not less than three months' notice in writing served by either party. Each of the independent non-executive Directors has entered into an appointment letter with the Company for an initial fixed term of three years commencing from 30 March 2023 and will continue thereafter until terminated by not less than two months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term. The appointments of Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

Under the Articles of Association, at each annual general meeting, one-third of the Directors for the time being (or if their number is not three or multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. The Articles of Association also provides that any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to the management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decisions on all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal action taken against them arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Continuous Professional Development of Directors

The Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of a Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by regular meetings with senior management of the Group to understand the Group's businesses, governance policies and regulatory environment.

The Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading materials on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 March 2023, the Directors are continually provided with information relating to the developments in the legal and regulatory regime and the business and market environments to facilitate the execution of their responsibilities. Continuing briefings and professional development for the Directors were arranged by the Company and its professional advisers.

The training records of the Directors during the year ended 31 March 2023 are summarized as follows:

Directors	**Participated in continuous professional development** *Note*
Executive Directors	
Mr. Wang Zhaohui *(Chairman)*	✓
Mr. Ji Weiguo *(Chief Executive Officer)*	✓
Ms. Liu Xianna *(Chief Financial Officer)*	✓
Independent Non-executive Directors	
Mr. Du Kui	✓
Mr. Zhao Hongqiang	✓
Mr. Ge Ke	✓

Note: Attended training/seminar/conference arranged by the Company or other external parties or read relevant materials

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authorities and duties, and are provided with sufficient resources to discharge their duties. The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

The list of the chairman and members of each Board committee is set out under the section headed "Corporate Information" on page 2 of this annual report.

Audit Committee

The Audit Committee consists of three Directors, namely Mr. Zhao Hongqiang, Mr. Ge Ke and Mr. Du Kui. Mr. Zhao Hongqiang, who has financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules, serves as the chairman of the Audit Committee. The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The primary duties of the Audit Committee include, but not limited to, the following:

- making recommendation to the Board on the appointment or change of external auditors to our Board, and monitoring the independence of external auditors and objectivity and the effectiveness of the audit process in accordance with applicable standards;

- examining the financial information of our Company and reviewing financial reports and statements of our Company;

- overseeing the Company's financial reporting system and internal control procedures;

- dealing with other matters that are authorized by the Board or involved in relevant laws and regulations; and

- to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the year ended 31 March 2023, the Audit Committee has not held any meetings as the Company was listed on the Stock Exchange on 13 April 2023, shortly after the Reporting Period.

The Company's annual results for the year ended 31 March 2023 have been reviewed by the Audit Committee on 28 June 2023. The Audit Committee considers that the annual financial results for the year ended 31 March 2023 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made. The Group's internal control and risk management systems were reviewed regularly by the management of the Company. With the view of enhancing the Group's internal control and risk management systems, during the year ended 31 March 2023, the Group had its internal audit function to review the Group's internal control system and recommend actions to improve the Group's internal controls. Based on the review, the Audit Committee is of the view that the Group's internal control and risk management systems were generally effective and adequate and in compliance with the requirements of the CG Code D.2.1 for the year ended 31 March 2023 in all material respects.

Remuneration Committee

We have established a Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code, Appendix 14 to the Listing Rules. The Remuneration Committee consists of three Directors, namely Mr. Ge Ke, Mr. Ji Weiguo and Mr. Du Kui. Mr. Ge Ke serves as the chairman of the Remuneration Committee. The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary duties of the Remuneration Committee include, but not limited to, the following:

- making recommendations to the Board on the Company's policy and structure for all Directors' and Senior Management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

- reviewing and approving management's remuneration proposals with reference to the Board's goals and objectives;
- reviewing and approving the compensation payable to executive Directors and Senior Management for any loss or termination of office or appointment and compensation arrangements relating to dismissal or removal of Directors for misconduct;
- reviewing and/or approving matters relating to shares schemes under Chapter 17 of the Listing Rules; and
- dealing with other matters that are authorized by the Board.

The Remuneration Committee has adopted the model as described in code provision E.1.2(c)(i) of the CG Code to to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management, including salaries, bonuses, pension rights, compensation payments and benefits in kind.

During the year ended 31 March 2023, the Remuneration Committee has not held any meetings as the Company was listed on the Stock Exchange on 13 April 2023, shortly after the Reporting Period.

The remuneration payable to the senior management of the Company for the year ended 31 March 2023 is shown in the following table by band:

Annual Remuneration	**Number of individual(s)**
RMB0 to RMB500,000	3
RMB500,001 to RMB1,000,000	0
RMB1,000,001 to RMB1,500,000	0
RMB1,500,001 to RMB2,000,000	0
RMB2,000,001 to RMB2,500,000	1
RMB2,500,001 to RMB3,000,000	2
RMB4,500,000 to RMB5,000,000	1
Total	7

Further details of the remuneration payable to the Directors and the five highest paid individuals for the year ended 31 March 2023 are set out in notes 10 and 33 to the consolidated financial statements in this report.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code, Appendix 14 to the Listing Rules. The Nomination Committee consists of three Directors, namely Mr. Wang Zhaohui, Mr. Ge Ke and Mr. Du Kui. Mr. Wang Zhaohui serves as the chairman of the Nomination Committee. The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The primary duties of the Nomination Committee include, but not limited to, the following:

- reviewing the structure, size and composition (including the skills, knowledge and experience) required of the Board annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- making recommendation to the Board on the appointment or re-appointment of Directors and succession planning for Directors in particular the chairman and the chief executive;
- evaluating the balance of skills, knowledge and experience on the Board before appointments are made by the Board and formulating, or assisting the Board to formulate, a board diversity policy for the Company;
- identifying individuals suitably qualified to become Directors and selecting or making recommendations to the Board on the selection of individuals nominated for directorship;
- assessing and reviewing the independence of independent non-executive Directors; and
- dealing with other matters that are authorized by our Board.

The Nomination Committee should seek independent professional advice to perform its responsibilities, when necessary, at the Company's expense.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning board diversity as set out in the Company's board diversity policy (the "**Board Diversity Policy**"). The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

During the year ended 31 March 2023, the Nomination Committee has not held any meetings as the Company was listed on the Stock Exchange on 13 April 2023, shortly after the Reporting Period.

Nomination Policy

Director Nomination Policy

The Company adopted a nomination policy in compliance with the CG Code with effect the Listing Date, which establishes written guidelines to Nomination Committee to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships with reference to the formulated criteria. The Nomination Committee shall propose suitable candidates to the Board for it to consider and make recommendations to the Shareholders for appointment as directors of the Company at general meetings. The Board, through the delegation of its authority to the Nomination Committee, has used its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge in business, finance and management skills critical to the Group's business to enable the Board to make sound and well considered decisions. Collectively, they have competencies in areas which are relevant and valuable to the Group.

Selection Criteria

The Nomination Committee shall identify director candidates with appropriate qualifications in accordance with the provisions under the Listing Rules, the Articles of Association and applicable laws and regulations.

The Nomination Committee will take into account whether a candidate has the qualifications, skills, experience and gender diversity that add to and complement the range of skills, experience and background of existing Directors by considering the highest personal and professional ethics and integrity of the director candidates, proven achievement and competence in the nominee's field and the ability to exercise sound business judgment, skills that are complementary to those of the existing Board, the ability to assist and support management and make significant contributions to the Company's success and such other factors as it may deem are in the best interests of the Company and its Shareholders. The Company shall review and reassess the nomination policy and its effectiveness on a regular basis or as required.

Nomination Process

The Nomination Committee shall assess whether any vacancy on the Board has been created or is expected on a regular basis or as required. The Nomination Committee utilises various methods for identifying director candidates, including recommendations from Board members, management, and professional search firms. All director candidates, including incumbents and candidates nominated by Shareholders are evaluated by the Nomination Committee based upon the director qualifications. While director candidates will be evaluated on the same criteria through review of resume, personal interview and performance of background checks. The Nomination Committee retains the discretion to establish the relative weighting of such criteria, which may vary based on the composition, skill sets, age, gender and experiences of the collective Board rather than on the individual candidate for the purpose of diversity perspectives appropriate to the requirement of the Company's business.

Board Diversity Policy

We are committed to promoting the culture of diversity in the Company. We have strived to promote diversity to the extent practicable by taking into consideration a number of factors in our corporate governance structure.

We have adopted the Board Diversity Policy which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. Pursuant to the Board Diversity Policy, we seek to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, race, cultural background, educational background, industry experience and professional experience. Our Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of business administration, education, development policy, accounting and engineering. Our Board Diversity Policy is well implemented as evidenced by the fact that there are both male and female Directors ranging from 46 years old to 59 years old with different nationalities and experience from different industries and sectors. After due consideration, our Board believes that based on our existing business model and specific needs, and the background of our Directors, the composition of our Board satisfies the principles under the Board Diversity Policy.

We will continue to take steps to promote gender diversity at all levels of our Company, including but not limited to our Board and the senior management levels. In particular, given that one out of six of our Directors is female, our Board will, taking into account the business needs of our Group and changing circumstances from time to time that may affect our Group's business plans, use its best endeavors to actively identify female individuals suitably qualified to become our Board members after Listing (keeping in mind the importance of management continuity and the timeline for retirement and reappointment of Directors under the Articles). We will also continue to ensure that there is gender diversity when recruiting staff at mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board in due time to ensure gender diversity of our Board. Our Group will continue to emphasize training of female talent and providing long-term development opportunities for our female staff.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After Listing, our Nomination Committee will review the Board Diversity Policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the Board Diversity Policy on an annual basis.

Corporate Governance Functions

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company intends to comply with Corporate Governance Code set out in Appendix 14 to the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules after Listing.

During the year ended 31 March 2023, the Board and the Audit Committee had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management of the Group, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and the disclosure in this Corporate Governance Report.

RISK MANAGEMENT AND INTERNAL CONTROLS

We have devoted ourselves to establishing and maintaining risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations, and we are dedicated to continuously improving these systems. We have adopted and implemented comprehensive risk management policies in various aspects of our business operations, such as information system, regulatory compliance, human resources and financial reporting. The Group's system of internal control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage and eliminate risks of failure in operational systems and fulfillment of the business objectives. The internal control system is reviewed on an ongoing basis by the Board in order to make it practical and effective in providing reasonable assurance in relation to protection of material assets and the Shareholders' interests.

The Group has adopted a three-tier risk management approach to identify, assess and manage different types of risks. As the first line of defence, business units are responsible for identifying, assessing and monitoring risk associated with each business or transaction. The management, as the second line of defence, defines rule sets and models, provides technical support, develops new system and oversees portfolio management. It ensures that risks are within acceptable range and that the first line of defence is effective. As the final line of defense, the internal audit function assists the Audit Committee to review the first and second lines of defence.

Our Board is responsible and has the general power to supervise the operations of our business, and is in charge of managing the overall risks of our Company. It is responsible for considering, reviewing and approving any significant business decision involving material risk exposures. Our Board will monitor the ongoing implementation of our risk management policies and corporate governance measures. The Audit Committee under our Board comprises three members, namely Mr. Zhao Hongqiang, Mr. Ge Ke and Mr. Du Kui, with Mr. Zhao Hongqiang (being our independent non-executive director with the appropriate professional qualifications) as chair of the audit committee.

Information System Risk Management

We pay close attention to risk management relating to our information system as sufficient maintenance, storage and protection of user data and other related information is critical to our success. We have designed and adopted strict internal procedures to ensure that our data is protected and that leakage and loss of such data are avoided.

Regulatory Compliance Risk Management

In order to effectively manage our regulatory compliance and legal risk exposures, we have adopted strict internal procedures to ensure the compliance of our business operations with the applicable rules and regulations. In accordance with these procedures, our in-house legal department performs the basic function of reviewing and updating the form of contracts we enter into with our customers, suppliers and other business partners. Our legal department examines the contract terms and reviews all relevant documents for our business operations, including licenses and permits obtained by the counterparties to perform their obligations under our business contracts and all the necessary underlying due diligence materials, before we enter into any contract or business arrangements.

Our in-house legal department is responsible for obtaining any requisite governmental pre-approvals or consents, including preparing and submitting all necessary documents for filing with relevant government authorities, within the prescribed regulatory timelines. We continuously improve our internal policies according to changes in laws, regulations and industry standards, and update internal templates for legal documents. We undertake compliance management over various aspects of our operations and employee activities. We have also established an accountability system in respect of employees' violations of laws, regulations and internal policies. In addition, we continually review the implementation of our risk management policies and measures to ensure our policies and implementation are effective and sufficient. We have an employee code of conducts in place, which contains internal rules and guidelines regarding basic working rules, work ethics, confidentiality, negligence, anti-bribery and anti-corruption. We provide our employees with regular training and resources to explain the guidelines contained in the employee code of conducts.

Human Resources Risk Management

We have established internal control policies covering various aspects of human resources management such as recruiting, training, work ethics and legal compliance. The demand in our industry for qualified talent is intense and we may be adversely affected by the departure of any key employees. Each of our executive officers and key employees has entered into with us an employment agreement containing confidentiality, intellectual property and non-compete provisions.

We also require our employees to conform to high ethical standards. We have in place an employee handbook and a code of conduct which is distributed to all our employees. The handbook contains internal rules and guidelines regarding work ethics, fraud prevention mechanisms, negligence and anti-corruption. In particular, our code of conduct explicitly requires that all employees comply with any applicable anti-corruption laws, regulations and policies, and they are prohibited from making illegal or improper payments to any government official, either on their own or via third parties. Additionally, our employees and their family members are not allowed to solicit or accept gifts, travel, hospitality or anything of value to the extent such favors or advantages may influence their professional judgments. Under our firm-wide whistle-blowing policy, we make our internal reporting channel open and available for our employees to report, on an anonymous basis, any non-compliance incidents and acts, including bribery and corruption.

We provide employees with regular training, as well as resources to explain the guidelines contained in the employee handbook. We also provide regular and specialized training tailored to the needs of our employees in different departments, through which we enable our employees to better comply with applicable laws and regulations in the course of conducting business.

Financial Reporting Risk Management

We have a complete set of accounting policies and procedures in connection with our financial reporting risk management, such as financial reporting management, internal control, investment management and budget management. Our financial department reviews our management accounts and internal control procedures based on such policies and procedures. In addition, we provide regular training to our financial department staff to ensure they understand our accounting policies and procedures and implement them in our daily operations.

Effectiveness of Risk Management and Internal Control

Through the Audit Committee, the Board has conducted annual review of the effectiveness of the Group's internal control and risk management systems for the year ended 31 March 2023, covering the material financial, operational and compliance controls, which are considered effective and adequate. The Audit Committee has reviewed the adequacy of resources, qualifications and experience, training and budget of the accounting, internal audit and financial reporting functions on an annual basis.

INSIDE INFORMATION POLICY

The Group acknowledges its responsibilities under the SFO and the Listing Rules and the overriding principle that inside information should be announced immediately when it is the subject of a decision.

The Company has put in place an internal policy for the handling and disclosure of inside information in compliance with the SFO. The internal policy sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner and provides the Directors, senior management, and relevant employees of the Company a general guide in monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited. The procedures and internal controls for the handling and dissemination of inside information are as follows:

- the Group conducts its affairs with close regard to the disclosure requirements under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong;

- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and its website; and

- the Group has strictly prohibited unauthorized use of confidential or inside information.

During the Reporting Period, the Company has regularly reviewed and enhanced its risk management, internal control systems and inside information disclosure policy. We believe that our Directors and members of our senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control. The Board has conducted an annual review of the effectiveness of the risk management and internal control systems and considers these systems effective and adequate in general.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group for the year ended 31 March 2023 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Group's consolidated financial statements, which are put to the Board for approval.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 151 to 158.

AUDITOR'S REMUNERATION

The remuneration paid to the independent auditor of the Company, PricewaterhouseCoopers, in respect of audit services and non-audit services for the year ended 31 March 2023 is set out below:

Service Category	**Fees Paid/Payable** *(RMB'000)*
Audit services	2,500
Non-audit services	488
Total	2,988

Note: The services do not include those rendered by the auditor as reporting accountant in connection with the initial public offering of the Company during the year.

JOINT COMPANY SECRETARIES

During the Reporting Period, Ms. Liu Xianna, our executive Director, is one of our joint company secretaries of the Company and is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures, and applicable laws, rules and regulations are followed. She was appointed as a joint company secretary since 31 December 2021.

During the Reporting Period, in order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company also engages Ms. Au Wai Ching, a senior manager of SWCS Corporate Services Group (Hong Kong) Limited (a corporate services provider), who possesses the qualifications as required under Rule 3.28 of the Listing Rules, as another joint company secretary of the Company to assist Ms. Liu Xianna to discharge her duties as company secretary of the Company. Ms. Liu Xianna is Ms. Au Wai Ching's primary contact person in the Company.

For the year ended 31 March 2023, each of Ms. Liu Xianna and Ms. Au Wai Ching has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

DIVIDEND POLICY

The Company adopted a policy on payment of dividends (the "**Dividend Policy**") in compliance with F.1.1 of the CG Code with effect from the Listing Date, which establishes an appropriate procedure on declaring and recommending the dividend payment of the Company.

The Board considers sustainable returns to Shareholders whilst retaining adequate reserve for the Group's future development to be an objective. Under the Dividend Policy, dividends may be declared from time to time and be paid to Shareholders provided that the Group is profitable and without affecting the normal operations of the Group. In summary, the declaration of dividends and the dividend amount shall be determined at the sole and absolute discretion of the Board, subject to Shareholders' approval, where applicable, taking into account the following factors:

- general business conditions of the Company;
- financial results of the Company;
- capital requirements of the Company;
- interests of the Shareholders; and
- any other factors which the Board may deem relevant.

The Company will continue to periodically re-evaluate the dividend policy in light of the financial position and the prevailing economic climate. The determination to pay dividends will be made at the discretion of the Board and will be based upon the earnings, cash flow, financial conditions, capital requirements, statutory fund reserve requirements of the Group and any other conditions that the Directors deem relevant.

As at 31 March 2023, no arrangement was reached pursuant to which the shareholders of the Company waived or agreed to waive their dividends.

SHAREHOLDERS' RIGHTS

The Company engages with the Shareholders through various communication channels. To enable Shareholders and other stakeholders to exercise their rights in an informed manner based on a good understanding of the Group's operations, businesses and financial information, the Company adopted the shareholders' communication policy with the objective of ensuring equal, timely, effective, transparent, accurate and open communications with the Shareholders. The policy also sets out a number of ways to ensure effective and efficient communication strategies with Shareholders and other stakeholders are achieved, including but not limited to corporate communications (in both English and Chinese, to facilitate Shareholders understanding), posting of relevant information on the corporate website and Shareholders meetings.

To safeguard Shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings of the Company, including the election of individual Directors. All resolutions put forward at general meetings of the Company will be voted on by poll pursuant to the Listing Rules and poll results announcement will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

General meetings provide an opportunity for constructive communication between the Company and the Shareholders. For Shareholders to communicate their views on various matters affecting the Company and the Company to solicit and understand the views of shareholders and other stakeholders, the Company adopts a number of mechanisms, including encouraging Shareholders to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings.

Convening an Extraordinary General Meeting

Pursuant to Article 17 of the Articles of Association, the Directors shall on a members' requisition forthwith proceed to convene an extraordinary general meeting of the Company. A members' requisition is a requisition of one or more members holding at the date of deposit of the requisition not less than 10% of the voting rights, on a one vote per share basis, of the issued shares which as at that date carry the right to vote at general meetings of the Company. The members' requisition must state the objects and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionists and deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, and may consist of several documents in like form each signed by one or more requisitionists. If there are no Directors as at the date of the deposit of the members' requisition or if the Directors do not within 21 days from the date of the deposit of the members' requisition duly proceed to convene a general meeting to be held within a further 21 days, the requisitionists, or any of them representing more than one-half of the total voting rights of all the requisitionists, may themselves convene a general meeting, but any meeting so convened shall be held no later than the day which falls three months after the expiration of the said 21 day period. A general meeting convened by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by the Directors.

Putting Forward Proposals at Annual General Meetings

The Company must hold an annual general meeting of the Company every financial year other than the financial year of the Company's adoption of the Articles of Association and such annual general meeting must hold within six (6) months after the end of the Company's financial year, unless a longer period would not infringe the Listing Rules, if any. A meeting of members or any class thereof may be held by means of such telephone, electronic or other communication facilities and participation in such a meeting shall constitute presence at such meeting.

To facilitate communication between the Company, Shareholders and the investor community, the corporate website has been adopted as the designated hub for publication of the corporate information, such as principal business activities and latest development of the Company and the Group. Also, it provides information on corporate governance of the Group as well as the compositions and functions of the Board and the Board committees.

Putting Forward Enquiries to the Board

For putting forward any enquiry to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

The Shareholders may send their enquiries or requests as mentioned above to the following:

Address: 18th Floor Huarui Mansion, Xiaoyunli South Street No. 9 Courtyard, Chaoyang District, Beijing

Email: ir@beisen.com

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Company endeavors to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meetings, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

The AGM is scheduled to be held on 20 September 2023. For details, please refer to the circular for the AGM.

During the Reporting Period, the Board has reviewed the implementation and effectiveness of the shareholders' communication policy and concluded that it is satisfactory.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The Company's seventh amended and restated memorandum and articles of association were adopted on 23 March 2023 and were effective from 13 April 2023. The said amended and restated memorandum and articles of association is available on the Company's website and the Stock Exchange's website.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Beisen Holding Limited (hereinafter "Beisen", the "Company" or "We") believes that having a healthy environmental, social and governance (hereinafter referred to as "ESG") performance is crucial for the realisation of the Company's long-drawn vision, the creation of long-term shareholder value and the actualisation of sustainable development of the society. On par with our commitment to achieve solid financial performance, we also pay close attention to the enactment of corporate social responsibility and sustainable development.

Reporting Standard

The report is prepared in accordance with "Appendix 27 Environmental, Social and Governance Reporting Guide" (hereinafter referred to as the "Guide") in *Listing Rules of the Hong Kong Stock Exchange and Clearing Ltd.* (hereinafter referred to as the "Listing Rules").

Reporting Principles

Materiality: The report has disclosed the identification process and rationale for the determination of material ESG issues. We have also identified and disclosed our significant stakeholders as well as stakeholder engagement mechanisms and outcomes. Please see the corresponding sections below for more details.

Quantitative: The statistical criteria, methodologies, assumptions and/or calculation tools for the quantitative key performance indicators (KPIs) in this report as well as the sources of conversion factors are indicated in the explanatory notes.

Balance: The report provides an unbiased picture of the issuer's performance and avoids descriptions that may inappropriately influence the decisions or judgements of report readers.

Consistency: The data methodologies used in this report are consistent.

Reporting Period

Unless otherwise specified, this report covers the period from April 1, 2022 to March 31, 2023. To ensure the continuity of information flow, the report may disclose matters beyond this time frame.

Reporting Scope

Unless otherwise specified, the scope of disclosure for this report is the ESG performance of businesses directly operated and managed by the Company. The scope of disclosure of the environmental key performance indicators (KPI) cover the main office spaces distributed in 12 provinces and 4 municipalities within Mainland China. We do not currently have self-owned data centres, and the environmental data of the rented data centres are not included in our scope of disclosure.

BOARD STATEMENT

The Board follows ESG guidelines and is committed to the sustainable development of the Company's business, while continuing to improve the ESG governance structure. The Board actively engages in ESG risk management and continues to strengthen involvement and supervision in ESG management, with the aim of safeguarding the sustainable development of business while creating greater value for clients, shareholders, employees, the society, and the environment. As the highest decision-making body of the Company, the Board assumes full responsibility for ESG-related matters, including formulating the Company's ESG strategy, developing and monitoring the implementation of relevant countermeasures, determining and assessing ESG-related risks in the business to minimise the negative impact they have on the Company, and ensuring compliance with the regulatory requirements in the Guide. Each year, the Board assesses and evaluates progress on environmental targets and looks into the establishment of targets for the following year. Management assists the Board in guiding ESG practices. The relevant business departments of the Company form an ESG working group to promote the development of ESG projects and implement ESG-related measures in operations.

This report discloses the aforementioned ESG related matters in detail and has been deliberated and approved by the Board on June 28, 2023.

ESG MANAGEMENT

Beisen actively promotes corporate social responsibility and sustainable development and is committed to integrating these concepts into the Company's strategic planning and operation management, so as to advance the synergy between the Company's development and the high-quality development of natural environment and the society. We have classified Beisen's ESG management from five dimensions: corporate governance, products and services, employee support, environmental protection, and social contribution. The Board regularly scrutinises ESG management to ensure that ESG management is integrated into Beisen's overall development strategy.

Corporate Governance	Establishing a transparent, efficient and diversified corporate governance structure, guiding the Company to operate in compliance and integrity, while strengthening risk prevention and control.
Products and Services	Continuously optimising product deployment and customer service, deepening technology development in the field of HCM, strictly protecting customer information security, and effectuating intellectual property protection.
Employee Support	Protecting the rights and interests of employees, providing a diversified, equal and inclusive work environment for employees, ensuring the health and safety of employees, continuously expanding the breadth and depth of employee training, and setting clear and transparent career development paths.
Environmental Protection	Practising the concept of environmental protection in every aspect of our operations, implementing green procurement, and actively responding to the risks and opportunities brought about by climate change.
Social Contribution	Supporting the causes that benefit the community in a practical and long-term manner while working with our employees, customers and business partners to build a sustainable society.

ESG Governance

To ensure that the Company's ESG management and related activities are integrated with the Company's overall strategy, management and business plans, and to effectively enhance the Company's sustainable development performance, the Company has established an ESG governance structure, consisting of governance, management, and execution.

The Board	• As the highest decision-making body of ESG management, the Board is responsible for overall supervision of ESG matters; • Assesses and manages material ESG-related risks and opportunities, and ensures that the Company has appropriate and effective ESG risk management mechanisms and internal control measures in place; • Reviews the Company's ESG management policy, strategy, priorities and targets, and regularly monitors the Company's performance against ESG-related targets; • Approves ESG-related materials such as ESG reports and board statements; • Creates a top-down ESG culture to ensure that ESG considerations are integrated into business decision-making processes; • Regularly listens to management reports of ESG work.
Management	• Regularly reports to the Board on the Company's ESG matters; • Implements the strategy and policies of the Board, accelerates the Company's ESG-related matters, and formulates ESG initiatives; • Develops ESG management policies and strategies and oversees the progress of ESG work and towards ESG targets; • Regularly listens to debriefings from the ESG Working Group.
ESG Working Group	• Regularly reports ESG-related work progress to management; • Organises information disclosure work such as ESG report preparation; • Sets ESG targets, implements measures to achieve ESG targets, and follows up on work progress; • Organises ESG trainings, publicises and implements ESG concept; • Carries out ESG-related practices and continually improves the Company's ESG management capabilities.

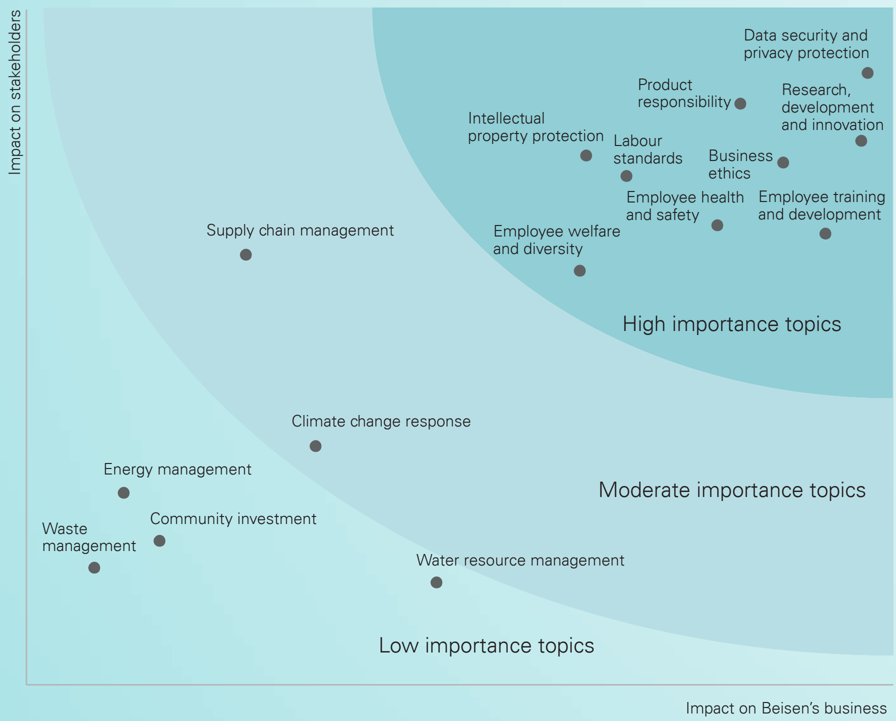
Stakeholder Communication

The Company has built diversified communication channels for all stakeholders. We have effectively implemented ESG management to protect the rights and interests of all stakeholders.

Stakeholders	Expectations and Demands	Communication Channels
Shareholders/Investors	• Protect shareholders' rights and interests • Return on investment • Information disclosure • Compliant operation and management • Energy and resource-saving	• Shareholders' general meeting • Press releases and announcements • The Company's financial report • The Company's official website • Investor meetings and roadshows • Environmental information disclosure
Governmental and regulatory authorities	• Compliance with laws and regulations • Tax payment • Business and economic development • Social contribution • Safe operation • Strengthening environmental protection	• Compliance report • Field inspection • Conference/seminar attendance • Special enquiry/examination • Reporting document • Environmental inspection
Customers	• Data privacy protection • Product safety • Quality service experience	• The Company's official website • Product platform • Social media platforms • Various customer service channels • Survey on customer satisfaction
Employees	• Protecting employees' rights and interests • Occupational health and safety • Improving employee welfare • Equal opportunity in employment and diversified development	• Labour contract • Staff meeting • Office platforms • Daily communication activities
Suppliers and partners	• Long-term business relationship • Fair and reasonable pricing • Guarantee of product quality	• Field inspection • Daily communication • Regular meetings
Community/the public	• Community engagement • Welfare programmes	• Public service activities • The Company's official website • Social media platforms

Materiality Assessment

In order to respond to the concerns of stakeholders and communicate the Company's ESG strategy, progress and achievements, we conducted a materiality assessment of ESG issues. Through the identification, review and analysis of material ESG issues and communication with key stakeholders, we formed an ESG materiality issues matrix. The Board and management reviewed and put forward suggestions on the materiality analysis results based on the Company's circumstances.



Beisen's ESG Materiality Matrix

High importance topics	Moderate importance topics	Low importance topics
• Employee welfare and diversity • Employee Health and safety • Employee Training and development • Labour standards • Data security and privacy protection • Product responsibility • Intellectual property protection • Research, development and innovation • Business ethics	• Climate change response • Supply chain management	• Waste management • Energy management • Water resource management • Community investment

CORPORATE GOVERNANCE

Board Structure

The Board consists of 6 Directors, including 3 executive Directors and 3 independent non-executive Directors. With independent non-executive Directors accounting for 50% of the Board, Beisen assures the independence of the corporate governance practices and protects the interests of all shareholders.

The Board delegates a number of responsibilities to multiple committees. In accordance with the *Company Law of the People's Republic of China* and the *Corporate Governance Code* in Appendix 14 to the Listing Rules, Beisen has established an Audit Committee, a Remuneration Committee and a Nomination Committee, with both the Remuneration Committee and the Audit Committee chaired by independent non-executive Directors.

Board Diversity

We are committed to promoting diversity in the Company and have adopted a Board Diversity Policy, which sets out our goals and guidelines for achieving and maintaining Board diversity. The diversity policy of the Board is detailed in the "Corporate Governance Report".

Risk Management

We believe effective risk management and internal control systems are critical to our development success. The Company has established risk identification and evaluation mechanisms. We have developed a scientific and systematic internal control system as well as processes to standardise and strengthen our internal control structure, improve our internal control management and risk prevention capability, and ensure stable operation.

The Board is responsible for and has full authority to oversee the Company's business operations and manage the overall risks of our Company. The Board is also responsible for considering, reviewing and approving significant business decisions involving material risk exposures. In the meantime, the Board continues to monitor the implementation of risk management policies and corporate governance measures.

The Company adopts and implements comprehensive risk management policies in all aspects of our business operations, including information system, regulatory compliance, human resources and financial reporting, in line with our business development patterns. Following the five principles of comprehensiveness, materiality, objectivity, unity and timeliness, we have established the Company's Internal Control Management System and are committed to continuously improve our risk management system.

Business Ethics

Anti-Corruption

We uphold the value of comprehensive prohibition of and zero tolerance for corruption and advocate law-abiding, clean, honest and dedicated professional ethics. We strictly abide by the anti-corruption and anti-bribery provisions of the *Criminal Law of the People's Republic of China*, the *Company Law of the People's Republic of China,* the *Anti-Unfair Competition Law of the People's Republic of China,* the *Anti-Money Laundering Law of the People's Republic of China* and other relevant laws and regulations, strengthen the construction of the system and anti-fraud management.

We have established the *Code of Business Conduct, Anti-Corruption Policy, Beisen Leadership Programme* and other systems to advocate law-abiding, clean, honest and dedicated professional ethics. We require all Directors, executives and employees to comply with relevant anti-corruption laws, regulations and policies. Further integrity requirements for employees are set out in the *Employee Handbook*.

We regularly provide appropriate training and learning resources to strengthen the Company's internal management, enhance employees' integrity awareness, and prevent improper or disciplinary behaviours in daily work. We organise learnings of *Beisen Leadership Programme* for all mid to senior executives and require them to take the exam. We make training videos and post them on the Company's internal learning platform and require all employees to learn. We also offer specially tailored training to meet the needs of employees in different departments. As a result, employees can better conduct their business in compliance with applicable laws and regulations. During the reporting period, we provided two anti-corruption training sessions to our Directors and staff, with 3,384 times of participation.

We have established an internal reporting mechanism, opened internal reporting channels, accepting non-anonymous reports from employees on bribery, corruption and other violations and behaviours through means such as complaint mailboxes. We have formulated the company-wide *Whistleblowing Policy*, which stipulates the internal whistleblowing process and investigation procedure in detail to ensure the closed-loop reporting and investigation work. We have also set up a sound whistleblower protection system to protect whistleblowers and reported information as well as to effectively protect the legitimate rights and interests of whistleblowers.

No legal cases regarding corruption practises were filed and concluded against the Company or our employees during the reporting period.

Responsible Advertising

We strictly abide by the *Advertising Law of the People's Republic of China,* the *Anti-Unfair Competition Law of the People's Republic of China* and other laws and regulations and take strict measures to ensure the legality of our advertising in all channels. Our self-produced advertising materials are all quoted from reliable sources to ensure that the advertising content is true and accurate, neither exaggerated nor promoting false publicity; When we entrust external suppliers to produce advertising materials, we strictly monitor the source of the supplier's graphic materials and assert relevant requirements in the contract. The legal department further reviews doubtful materials, ensuring the legitimacy and reliability of contents through multi-level checks.

Supply Chain Management

We place a high value on our suppliers' performance in the areas of compliance, business ethics, and environmental and social responsibility. We are committed to working with our supplier partners to create a sustainable industry chain.

To standardise our procurement as well as supplier management, we have formulated the *Procurement Management Policy*, conducting full life cycle management of "onboarding – cooperation – appraisal – termination" for all our suppliers.

Case: Beisen Full Lifecycle Management for Suppliers

Onboarding: Suppliers are required to provide information as required in the Beisen Procurement System and complete registration, and are then filtered through processes including pre-screening, inspection, on-site assessment and testing. Only qualified suppliers are eligible to make the list of onboarding candidates.

Cooperation: We have set up an intact inquiry and bidding process, inviting qualified suppliers to participate in quotations or bids. After price comparison, bidding and negotiation, we then reach a conclusion on an intended supplier. The cooperation with the supplier would be confirmed once approval is attained in the System.

Appraisal: We determine the scope of supplier annual performance evaluation based on the number of suppliers we cooperate with, and the monetary amount involved. Comprehensive ratings of the suppliers' overall cooperation performance during the year are conducted to determine the suppliers' performance classifications. The suppliers are then managed and incentivised as according to their performance classifications.

Termination: Suppliers rated at the lowest level in the annual performance evaluation will be blacklisted, and Beisen may terminate the business relationship with them, known as the termination mechanism.

Given the Company's continued expansion of its scale and procurement volume, along with the increasingly stringent compliance requirements, we aim to better grasp the changes in suppliers' development as well as their transaction trends with Beisen and to minimise risk and improve cooperation efficiency. With this in mind, Beisen has launched the supplier management module of the procurement system and has been utilising this module for comprehensive digital management of our suppliers.

We carry out multi-dimensional management of operation processes and organisational structure to ensure compliant procurement. In terms of operational management, instead of passively accepting arbitrary price offers from suppliers, we now produce a list of benchmark prices, setting Beisen's standards and pricing systems to regularise the content of cooperation. In terms of organisational management, we have established a rotation mechanism within the procurement and department and regularly rotate procure category in-charges. This reduces the possibility of employees in the procurement function becoming too close to suppliers tempting the acceptance of bribes or other types of unacceptable behaviours. We also actively promote procurement integrity, host regular trainings to enhance the integrity and compliance awareness among our employees, and constantly remind our employees to stay alert when it comes to preventing bribing and corruption.

We implement anti-corruption management on suppliers. According to the *Procurement Management Policy*, once a supplier is found to have used commercial bribery to obtain project opportunities, we will blacklist it and refrain from any cooperation with it for three years. In addition, when we sign a contract with a supplier, both parties are to sign a copy of integrity agreement for mutual compliance.

Number of Suppliers

KPI		**FY2023**
Number of Suppliers by Geographic Region[1]	Mainland China	293
	Overseas	23

1 "Number of Suppliers" refers to the number of suppliers in collaboration with and maintained in the supplier management system during the reporting period. "Region" refers to the place where the supplier is registered.

PRODUCTS AND SERVICES

We believe that technology can help talents achieve more. We focus on providing medium-to-large-sized customers with integrated, one-stop products and comprehensive solutions to meet all-scenario human resource demand and promote customer success. With "experience first" being a critical principle in product research and development, we continue to improve customer satisfaction by providing innovative products and services that are "one-stop-shop for employees".

Leading Products

Beisen is the only cloud-based HCM solutions provider in China that has built a unified and open PaaS infrastructure, and we are committed to helping organisations in China develop world-leading talent management capabilities. Our platform iTalentX delivers cloud-native integrated HR SaaS products for organisations to efficiently recruit, evaluate, manage, nurture, develop and retain talents.

Product Deployment

Recruitment Cloud	Effectively integrate and analyse different recruitment channels in one place to improve the efficiency of the whole recruitment process; build a talent pipeline, improve the talent match, and help organisations improve their intelligent recruitment organisation and the efficiency of human capital management.
Assessment Cloud	Help organisations to fully assess the skills, competencies and development potential of current and prospective employees, optimise team structure and strengthen employees' leadership skills, and build a more robust and sustainable team.
Human Resources Cloud	Efficiently implement workforce planning systems to help organisations streamline administration and workforce management throughout the entire employee lifecycle and to inform the organisation's talent development and retention decision-making.
Payroll Cloud	Implement the payroll system to address diverse enterprise payroll needs with accuracy and flexibility, enable digital payroll management and refine labour cost control and management.
Attendance Management Cloud	Help organisations achieve flexible scheduling and refine leave management, enhancing the efficiency of human resources management and improving employee experience.
Performance Management Cloud	Provide a comprehensive performance solution that integrates goals and performance evaluation, effectively implement corporate strategies and drive a win-win situation for the organisation and its employees.
Succession Cloud	Precisely implement talent strategy, building a closed-loop management of "inventory–insight–development–reserve" to ensure a high quality and sustainable supply of talent and resilient support for business development.
E-learning Cloud	Provide an integrated business and training e-learning platform to promote continuous employee growth, expand the coverage and timeliness of corporate training and enhance the efficiency of talent development.

Awards and Recognition

Beisen implements the Integrated Product Development (IPD) process in its production and research system, providing strict multi-dimensional quality control from design, development, verification and release to ensure product functionality. On top of the IPD process control, we also continuously improve our product quality management system in alignment with the requirements of ISO 9001. The cloud service of Beisen's talent management software has obtained ISO 9001 Quality Management System certification, and the environmental management activities and occupational health management activities involved in the cloud service have obtained ISO 14001 Environmental Management System certification and ISO 45001 Occupational Health and Safety Management System certification, respectively.

Major industry honours and recognition awarded to Beisen and its products during the reporting period

1. SPARK: Best HR Agencies of 2022
2. CSIC: The SaaS Service Start-up of 2022
3. 2022 HREC Human Resource Technology Provider Value Awards: HR's Pick – 2022 HCM System and Cloud Service Providers
4. 2022 HREC Learning & Development Solution Provider Value Awards: HR's Pick – 2022 E-Learning and Mobile Learning Technology and Platform Solution Providers
5. 2022 HREC Recruiting & Staffing Solution Provider Value Awards: HR's Pick – 2022 Recruitment Assessment Solution Providers
6. HRflag Awards: Best Cloud-Based HCM Software Provider 2022 (Domestic Company)
7. 2022 China Excellent HR Service Brand
8. Chuangyebang Digital Development Summit 2022: Digital Intelligent Transformation and Innovation Practice Case 2022 – Quality Technology Service Providers
9. NewFlag Award: Best HR Product Award 2023

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Science and Technology Innovation

Technology Research and Development

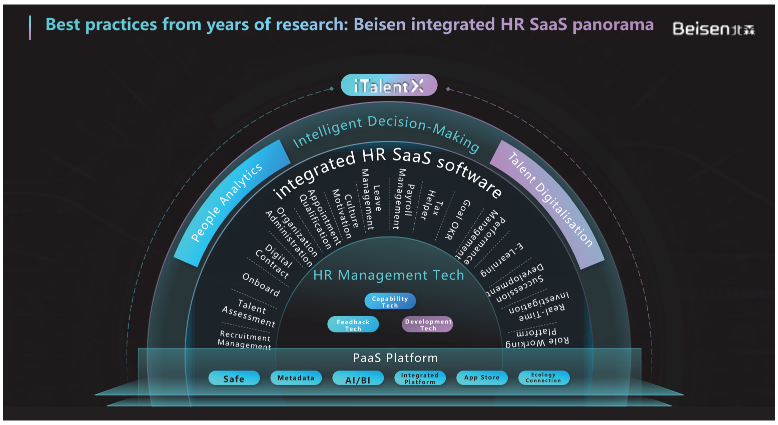
Our focus on product innovation has driven our growth, enabling us to continuously improve our existing products and develop new HCM solutions. We believe that a strong R&D capability is critical to our continued success and enhancement. Our R&D efforts have been centred around innovative, cutting-edge technologies and solutions, focusing on customer-centric end-to-end development, striving for one-time success and maximising development efficiency to address the pain points of HCM customers from different industries.

We have improved our product development organisation and management system, with an ad hoc management committee overseeing product development. Each product iteration is subject to a thorough review before it enters the actual development phase to ensure that Beisen's product design and development remain consistently high quality, enhancing product reliability and stability. At the same time, we continue to optimise existing HCM solutions based on customer feedback. We also encourage external developers to innovate and develop products and applications conveniently and efficiently leveraging the advantages of our Luban PaaS infrastructure.

We continue to invest in product development and innovation to improve development efficiency, safeguard product quality, and stimulate innovation. We devoted approximately RMB303 million on technology research and development during the reporting period.

Case: Innovative technologies and products developed by Beisen

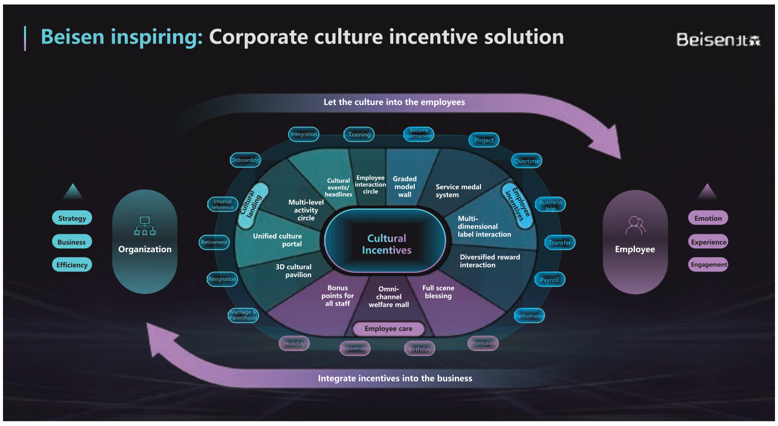
Beisen released iTalentX 7.0. iTalentX7.0's product concept adheres to "designed for employees". Incorporates employees and other business roles into the scenario design of HR software, iTalentX7.0 redefines the future trend of organisation HR digitalisation – a shift from HR Tech to People Tech.



iTalentX 7.0

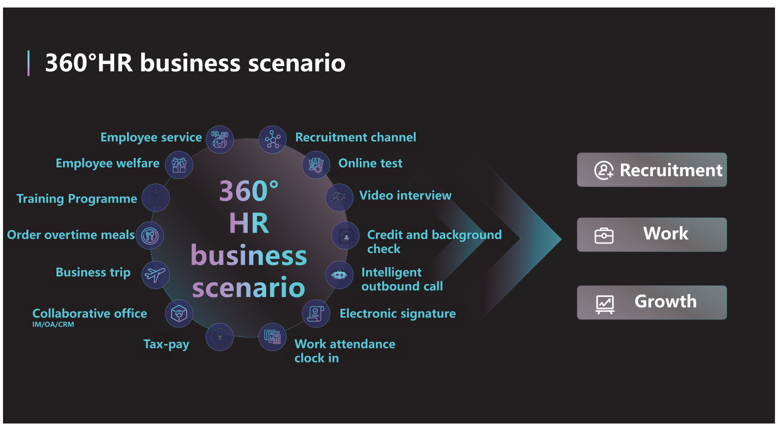
Case: Innovative technologies and products developed by Beisen

Beisen Inspiring is an innovative product that integrates culture and motivation into the entire employment lifecycle. Through the alignment of cultural interests, establishment of 3D cultural pavilions, supply of role models stories, providing business achievement prizes, rewarding interactions, Inspiring makes employees feel warm and motivated by the organisation, helping companies in various industries boost team morale while enhancing employee experience and satisfaction.



Beisen Inspiring

Based on its self-developed Luban PaaS platform, Beisen opens up and integrates various ecologies for organisations to create a 360° employee service system. Together with ecosystem partners in background checks, recruitment, business travel, training, welfare and electronic signatures, we are enabled to create a smooth employee experience without scenario breakpoints with lower cost and more agile business response.



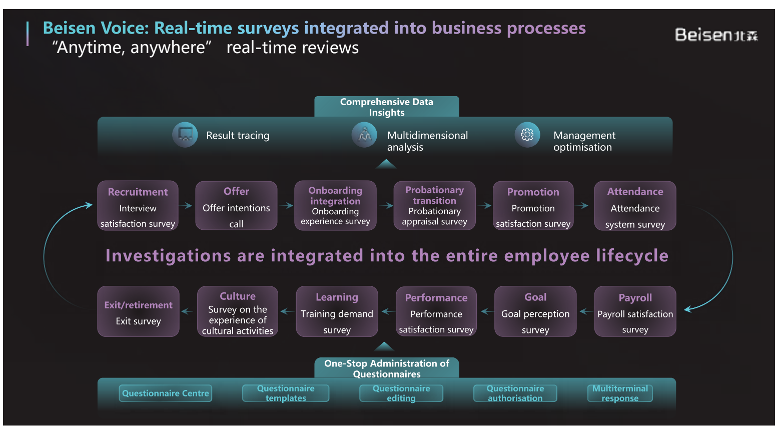
PaaS and the ecosystem

Case: Innovative technologies and products developed by Beisen

Beisen continues the journey of exploration and innovation, independently developing intelligent recruitment resume parsing technology, AI video interviews and other products which have received national patents. In the recruitment system, based on Generative Pre-trained Transformer (GPT) capability, our products help HR practitioners intelligently generate job descriptions and innovative job posters. Beisen has also integrated its talent management technology developed over a 20-year period as well as its generative AI capabilities into HR business scenarios, in turn launching Mr. Sen, an innovative personal leadership coach, leading and accelerating the process of intelligent HR management in Chinese organisations.

AI intelligence

Beisen Voice is an innovative product that integrates real-time surveys into the entire lifecycle of employment management processes. By creating survey questionnaires for each business process, including interviews, hiring, onboarding, passing probation, promotion, and resignation, Beisen Voice grants companies the access to employees' feedback anytime and anywhere and identify management issues in time to drive improvement, effectively improving employee experience.



Beisen Voice

Scientific Research Achievement

Innovation is in the DNA of Beisen, and the foundation of innovation is investments in research. We have founded the first human resource big data product research institute in China, the Beisen Institute for Talent Management, to provide an innovative "competency-based" assessment system. Also, we have published over 100 in-depth research findings and publications in the field of talent management.

Case: A follow-up study on corporate leadership development in China

Based on five years of data tracking, Beisen has conducted a longitudinal study on the attributes profile of leaders and future leaders in Chinese organisations and the correlation between leadership team building and business development effectiveness. We published the 2022 Leadership Transitions in China: A Five-year Observation based on Beisen's database and insights. Through analysis of the financial performance and talent data of listed companies, Beisen has once again validated the positive correlation between high-potential leaders and long-term business development. The research result has provided valid support for the decision-making of companies' leadership development planning.

Case: A study on the characteristics of campus recruitment patterns of Chinese organisations

During the reporting period, Beisen released the *White Paper on Campus Recruitment of Chinese Organisations 2022* and *State-Owned Key Organisations Special Issue: Campus Recruitment*. We have conducted an in-depth analysis based on thousands of organisation campus recruitment samples, industry trends, talent profiling, talent assessment, digital empowerment and model innovation, producing trend predictions and action recommendations on how to plan and conduct campus recruitment, at the same time helping organisations precisely position and successfully implement campus recruitment.

Intellectual Property Protection

Beisen attaches great importance to the protection of intellectual property rights and abides by the *Trademark Law of the People's Republic of China,* the *Patent Law of the People's Republic of China,* the *Copyright Law of the People's Republic of China* and other relevant laws and regulations to regulate the management of our intellectual property rights, ensure the quality of our products and service, and effectively prevent and control the risks of our data system. We have implemented sound internal policies to establish and improve the management of our intellectual property rights and formulated the *Intellectual Property Management System*, which provides for strict regulations on the application and protection of intellectual property rights.

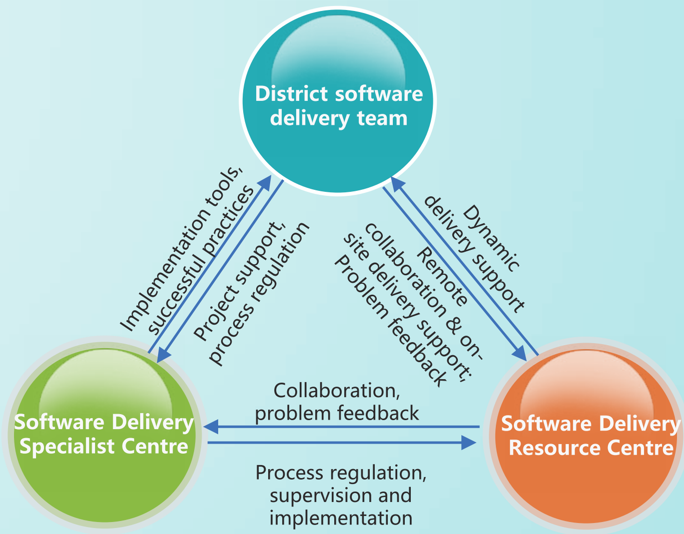
We specify all rights and obligations regarding intellectual property ownership and protection in all employment agreements and most commercial contracts we enter into and take critical steps to protect intellectual property. We have established an IP protection team, led by our Legal Department, to guide, manage, monitor and supervise the Company's work on IP. We have engaged a professional IP service provider to promptly register, file, and apply for our IP ownership in time. As of 31 March 2023, we had registered 103 software copyrights, 50 copyrights, 12 patents, 66 trademarks and 121 domains in China and obtained the Certificate of Intellectual Property Management System.

The Company proactively guards against the risk of our infringement on the intellectual property rights of others and uses them in accordance with the law. Our *Code of Business Conduct* explicitly requires employees to respect the proprietary information rights of other companies, including intellectual property rights, to comply with relevant laws, and refrain from personally infringing the intellectual property rights of others. When a complaint is received, the Company will immediately investigate. If it is found that there is a real possibility of infringement, the use of the relevant content will be stopped immediately. As of 31 March 2023, we have not been subject to any material disputes or claims for infringement upon third parties' intellectual property rights in China.

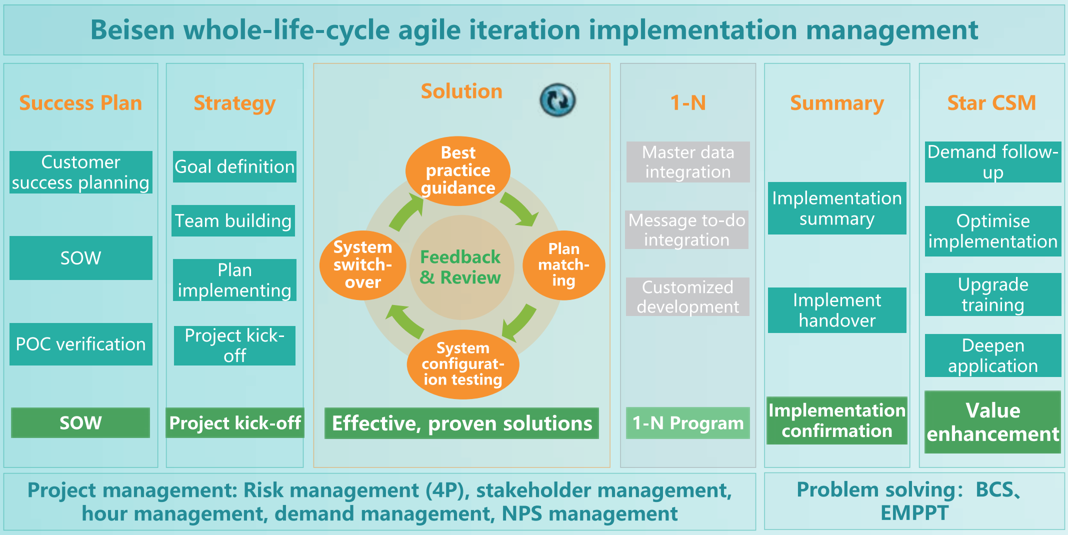
Service Optimisation

Beisen strictly abides by the *Law of the People's Republic of China on Consumer Protection* and relevant laws and regulations to effectively protect the rights and interests of our customers. Based on the SaaS business model, we are committed to providing prime service experiences for companies, solving their talent management challenges and helping them achieve success.

The Company has established a service system following global industry-leading standards and fully deployed service teams. We are committed to providing our customers with integrated HR SaaS software delivery, building an agile implementation methodology and establishing a comprehensive software delivery system process guarantee; through the "three-pillar" structure of the software delivery system, we enhance the delivery effectiveness and guarantee customer satisfaction to achieve customer success.



Software delivery System Organization Assurance –
"Three-pillar" structure of the delivery system

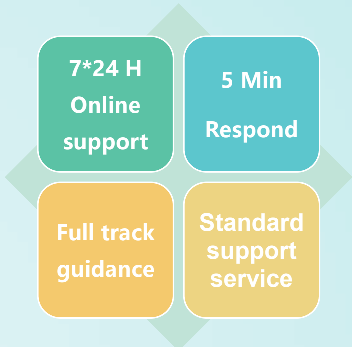


Beisen's whole-life-cycle agile, iterative implementation management process

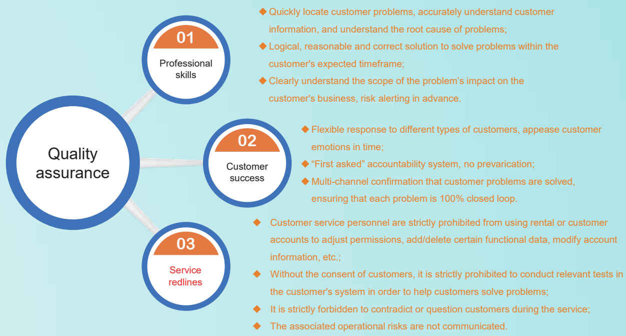
The Company has formulated customer complaint process specifications, monitored customer satisfaction throughout the product life cycle, established a multi-channel customer service system for different types and business lines of customer groups, and continuously improved customer service quality. We have established a 7X24, 100% tracking closed-loop management mechanism for customer complaints through our online system. To deal with customer feedback on time, we have formed a hierarchical response model through various channels, such as the 400 voice service hotline and the internal customer service online system. For each complaint, we set up a special complaint officer and complaint handling team: the complaint officer, as the first entry point for complaints, is responsible for responding to and closing the loop of customer complaints and ensuring customer satisfaction through research and coordination of resources; the complaint handling team is accountable for co-construction, implementation and execution of complaint solutions. The Company conducts quarterly checks on the receipt and return of complaints to ensure that all complaints from all sources are responded to and resolved on time, tracked in real-time and recorded and that the return visits are 100% covered and accurate.

The Company continuously conducts quality satisfaction surveys, and the service quality review department conducts surveys by telephone for customers whose project has been completed, marks those with lower satisfaction rates and orders the corresponding responsible department to follow up with the customer.

To ensure the quality of customer service, the Company has also established a comprehensive customer service training system. We aim to develop the ability of our customer service staff to understand customer needs and solve customer problems. We also conduct regular assessments of our customer service staff.



Beisen's online customer support services



Beisen's service quality assurance system

During the reporting period, the Company received 28 complaints about its products and services, with an average response time of 24 hours. Our customer complaint settlement rate and satisfaction rate both achieved 100%.

Case: Beisen human resource information system (HRIS) certification course

Beisen is the first company in the industry to launch an HRIS certification course. We empower HRIS practitioners with the Beisen Certified Administrator (BCA) to enhance our customers' systems operational skills and help them use our products better.

Case: Beisen customer success management (CSM) continuous value enhancement proactive services

We provide continuous proactive services to our customers, focusing on business value enhancement. Our proactive approach to service includes the following:

- Based on the customer's business reality, combined with Beisen's best practices, derive solutions that meet the customer's actual business needs and provide guidance and training on system iteration;
- Based on customer application requirements, provide regular product application training and offline user salon activities, summarise application requirements and provide timely follow-up feedback;
- Based on customer needs, provide at least one system application value summary each year, including campus recruitment data summary, system application promotion summary, annual application value report, etc.

Beisen's continuous proactive value enhancement service: focus on business value enhancement

Data Security

Beisen always regards security as our lifeline and strive to ensure the security of our systems and data. We use the *Cybersecurity Law of the People's Republic of China,* the *Data Security Law of the People's Republic of China and* the *Personal Information Protection Law of the People's Republic of China* as the basis, and regulatory requirements and standards such as Information System Security Classified Protection Programme (Level III), C-STAR Cloud Computing Information Security Management System, ISO/IEC27001:2013 Information Security Management System, Statements on Standards for Attestation Engagements No. 18 (SSAE18) and other regulatory requirements and standards, to build and improve Beisen's information security management system, data security management system and privacy protection management system. We continuously optimise our security technology architecture and constantly improve security capabilities.

Information Security System

We have established systems including *Information Security Policy General Outline, Information Security Inspection and Audit Management System, Network Information Security Incident Reporting and Handling Management System, Network and Information Security Emergency Response System, Beisen Customer Information Security and Privacy Protection System,* etc. We emphasise security management and security technology and continuously optimise our security management level based on the "PDCA cycle theory" to enhance our overall security and compliance capabilities.

We have established a company-level network and information security leadership team, headed by the CEO, to ensure top-down implementation of security policies at the company level. We have also established an independent security team, led by our Vice President and headed by a security expert from the Cloud Security Alliance (CSA), to oversee data privacy and security in our daily operations and to ensure strict compliance with system lifecycle security and data lifecycle security. During the reporting period, the cloud security team released a revised version 3.0 of the *Beisen Cloud Security White Paper*, which provides further details on the Company's mechanisms for data security, privacy protection, identity management and authority control.

Case: Beisen's characteristic PDCA cycle

Beisen incorporates its characteristic PDCA cycle into the entire product development and safety management system operation process, with PDCA referring to the four components of Plan, Do, Check and Act.

"Plan" includes establishing an information security management system, determining the scope of the system coverage, formulation of security policy, security management system and process specification, etc. The Company's process system related to research and development security and operation security includes but is not limited to *Design Security Principles, Coding Security Specification, Testing Security Specification,* etc.

"Do" refers to continuously implementing the system and procedure documents developed during the planning stage. Processes and systems related to safe research and development and safe operations are enforced throughout all Company product lines and production and research systems.

"Check" refers to checking the effectiveness of the system operation, judging whether it meets the system requirements, and reporting the results to the manager for evaluation. At the same time, the Company evaluates the function of the security system through internal and external audits; during the product development process, the Company uses technologies to check the security of the products so that security loopholes can be found and fixed promptly.

"Act" refers to correcting non-conformities found during the inspection phase and developing and implementing corresponding improvement and prevention mechanisms. The Company holds regular safety operation meetings to review the security non-conformities or security loopholes/incidents, to trace the root cause, and to formulate and implement improvement measures from various aspects such as technology and mechanism.

Data Privacy Protection

Beisen are committed to safeguarding the confidentiality, integrity and availability of data. We have established strict data protection and user privacy policies that clearly define how customer information and data are protected throughout the product lifecycle. Thus, we ensure that the collection, use, storage, transmission and dissemination of relevant data complies with applicable laws and prevailing industry practices. We also implement privacy protection requirements at the functional level of our products to effectively safeguard the rights of data subjects. These internal policies and procedures on data protection also apply to data stored in the third-party cloud-based infrastructure.

Beisen Privacy Protection Policy and Principles

Beisen develops its product privacy policies based on the requirements of laws and standards, such as the *Personal Information Protection Law of the People's Republic of China* and *GB/T 35273 Personal Information Protection Code*. The privacy policy document includes the scope of personal information that may be collected, its use, data protection strategies, data deletion, communication and feedback channels, etc. It also supports users to use their own privacy policy. Our products then translate privacy-related requirements into user-perceived functionality through informed consent, the principle of minimum necessity, etc.

Beisen Data Security Protection Measures

We take the following measures to protect the security of our customers' data stored at Beisen:

Data Isolation and Permission Control. We isolate and control data through the PaaS platform's native multi-tenancy architecture while using data rights control and identity-based functional rights control to ensure that users can only operate data within their own rights.

Data Confidentiality Protection. We use distributed slice storage and encryption to secure the static data and secure the data during transmission by transport layer security encryption.

Data Access Authorisation. We have explicit and strict authorisation and authentication procedures and policies in place. The customer must duly authorise all processing operations on customer data, and the relevant employees are only granted access to necessary data directly related to their duties and for limited purposes after obtaining authorisation from the customer.

Data Backup. We adopt a combination of full and incremental backup, ensuring the data we collect is well maintained. We use distributed data storage with multiple data replicas to increase security. Our system also permits cross-region disaster recovery, helping customers encounter unforeseen accidents. In addition, our system supports users to back up their data.

Data Breach Prevention. We use data leakage-related monitoring and protection mechanisms to protect customer data from unauthorised destruction and leakage.

Application Security. We identify security weaknesses and flaws throughout the product development cycle and, where appropriate, engage third-party service vendors to conduct external security testing of systems and solutions to avoid data leakage due to programme vulnerabilities.

Information Security Training

The Company attaches great importance to training and education on information security and privacy protection. We use various methods to help our employees raise their awareness and capability of information security.

Each new employee must sign a non-disclosure agreement and a non-compete agreement before joining the Company, and we require employees to sign the *Customer Information Security and Privacy Protection Commitment*, setting out the confidentiality obligations of employees to regulate their behaviour. We regularly conducts training sessions on the *Beisen Customer Information Security and Privacy Protection System*, educates all relevant personnel on laws and regulations such as the *Cybersecurity Law of the People's Republic of China,* the *Data Security Law of the People's Republic of China and* the *Personal Information Protection Law of the People's Republic of China*. We also provide security awareness training courses, anti-phishing and law enforcement courses through offline training, cloud online courses, posters and emails, and we conduct quarterly anti-phishing drills for all staff. We also provide security skills training for technicians in different positions to enhance their security expertise in multiple dimensions and reduce the risk of product security vulnerabilities.

The Company has written the matters related to information security violations and the punishment mechanism into the staff handbook and the Company's reward and punishment system, and any violations related to customer data will be subject to the maximum punishment. In addition to internal penalties, we will assist law enforcement agencies in pursuing the legal responsibilities of relevant personnel in accordance with the law for breaches of the red line.

Leading Industry Standards

As an HR SaaS leader in China, we actively participate in developing cloud security, especially SaaS security-related standards. Beisen is the first SaaS Executive Member of the CSA in China.

Lead author of the CSA standard *Cloud Application Security Technology Specification.*

Lead author of the Chinese version of *SaaS Governance Best Practices for Cloud Customers.*

Co-author of CSA standards (Chinese version) including: *Cloud Native Security Technology Specification, IoT Security Specification, and Cloud Controls Matrix Version 4.0.*

Co-author of the China Federation of Electronics and Information Industry standard *Information Technology Service: Data Security Capability Model.*

Relevant Qualification Certification

To ensure the confidentiality and integrity of the data we collect and protect, we have completed several industry-recognised information security, privacy and compliance certifications/validations and obtained corresponding certificates or reports:

CSA C-STAR (Cloud Security) certification (first SaaS cloud service provider in China to be certified)	
CSA CAST (Cloud Application Security Trust) certification	
ISO 27001 certification	
Cybersecurity Classified Protection Programme (Level III)	
Passed the System and Organization Controls (SOC) Type 2 examination and obtained the SOC2 Type II report	

EMPLOYEE SUPPORT

We believe that talent is the most important resource for business development and that core competitiveness of a Company lies in its talent management capabilities. We fulfil our corporate employment responsibilities in accordance with the law, safeguard the legitimate rights and interests of our employees, provide diversified and equal work opportunities, and create a safe and healthy working environment. We continue to optimise our remuneration and benefits system, enhance employee care, and provide our employees with sufficient resources and space for learning and growth so as to achieve mutual development between the Company and employees.

Compliant Employment

Compliance with Labour Standards

We protect the legitimate rights and interests of our employees and strictly abide by the *Labour Law of the People's Republic of China,* the *Labour Contract Law of the People's Republic of China*, the *Law of the People's Republic on the Protection of Minors,* and the *Provisions on the Prohibition of Child Labour*.

The Company enters into labour contracts with employees in accordance with the principle of consensus. We strictly follow the statutory procedures to prevent the use of child labour and forced labour. If such practices are detected, we would seriously treat them following laws and regulations as well as requirements of the Company, and we take appropriate remedial measures accordingly. We also treat all employees with respect and prohibit any form of unlawful discrimination and persist in equal employment.

Employee Recruitment

We have established an *Employee Handbook* that includes provisions on the recruitment and dismissal of employees. We also periodically revise it to ensure compliance with laws and regulations. By formulating the *Internal Recruitment Management Code* and other labour policies, we address aspects such as hiring, referrals, employee management. The guidelines and policies are made available to our employees through our internal policy platform in aim of establishing a transparent, equal and harmonious employment environment.

We make our recruitment decisions on the basis of fair competition and merit, regardless of attributes such as gender, race, age, nationality, religion, and we insist on supplying equal opportunities without any discrimination. We standardise our recruitment process, including CV screening, job matching and departmental matching. We carry out background checks and identity document checks on potential candidates to ensure the validity and credibility of their information. In terms of societal recruitment, we actively recruit diverse talent forces and are committed to providing various employment opportunities for disadvantaged groups. We give priority to the employment needs of veterans and the disabled when making hiring decisions for certain job roles.

Remuneration and Benefits

We advocate for a remuneration principle that revolves around talent and performance appreciation, and we are committed to providing competitive compensation for our employees. We have formulated the *Remuneration and Benefits Management Policy, the Performance Management Policy,* the *Beisen Expatriate Subsidy Policy*, and the *Incentive Policy* so as to make sure that our employees receive fair and reasonable remuneration and benefit packages. In order to continuously improve and enhance corporate and individual performance and to facilitate efficient achievement of Beisen's strategies and business objectives, we tailor salaries based on position requirements and keep on with enhancements to our performance management system as well as our incentive and binding mechanisms. We have also created a closed-loop performance management system, flowing from co-creation of performance goals, to process coaching, performance evaluation and feedback interviews, and to formulating possible performance improvement.

We adhere to law and regulations including the *Labour Law of the People's Republic of China,* the *Labour Contract Law of the People's Republic of China* and have established the Attendance Management Policy to standardise the working hours of our staff and ensure that they assume reasonable working and resting hours. In addition to the national statutory holidays, we also provide our employees with welfare leaves named the "Sendou Leave". All employees are entitled to one day of "Sendou Leave" for each year of employment.

We pay firm attention to staff experience and provide a variety of activities and multi-dimensional benefits to our employees that suit their needs, including holiday gifts, birthday and employment anniversary presents, fitness clubs, in-house employee purchases, rental benefits, afternoon tea, etc.

Insurance and Housing Fund	We have varying types of social insurance in place as in accordance with local government regulations, including pension insurance, unemployment insurance, medical insurance, work injury insurance and maternity insurance.
Supplementary Commercial Insurance	We have purchased supplementary commercial insurance for every employee outside of the compulsory social insurance to protect the safety of our staff and their properties. The duration of the supplemental commercial insurance is counted in natural years, and employees are entitled to the commercial insurance starting from the month they join us until their departure from Beisen.
Lunch Subsidies	We provide employees with a lunch subsidy of RMB300 per person each month, jointly paid with employee salary.
Birthday Gifts	We offer exclusive gifts to our employees on the day of their birthdays.
Employment Anniversary Presents	We offer special anniversary presents for employees. This is to be handed out on the day of the anniversary.

Statutory Holiday Gifts

We abide by statutory holidays in accordance with national regulations. In addition, we offer our staff holiday gifts and other benefits on selected holidays.

Other Holiday Benefits

Outside of statutory holidays, we also hold celebration events periodically for holidays such as Thanksgiving and Christmas.

Mid-Autumn Festival Gift Pack

Mid-Autumn Festival Celebration

Beisen 20 Years
Anniversary Celebration

Great Start New Year
Kick-off Celebration

Employment

KPI		**FY2023**
Total number of employees[2]		2,085
Number of employees by gender	Male	982
	Female	1,103
Number of employees by age group	Age 30 (not included) and under	973
	Age 30 to 40 years old (not included)	1,003
	Age 40 to 50 years (not included)	108
	Age 50 years and above	1
Number of employees by employment type	Full-time	2,085
	Part-time	0
Number of employees by management level	Mid to senior management	109
	Junior management	213
	Non-management employees	1,763
Number of employees by geographic region	Mainland China	2,085
	Hong Kong, Macau, and Taiwan	0
	Other countries and regions	0
Total turnover rate[3]		35%
Employee turnover rate by gender	Male	39%
	Female	32%
Employee turnover rate by age group	Age 30 (not included) and under	36%
	Age 30 to 40 years old (not included)	36%
	Age 40 to 50 years (not included)	20%
	Age 50 years and above	0%
Employee turnover rate by geographic region	Mainland China	35%
	Hong Kong, Macau, and Taiwan	0%
	Other countries and regions	0%

2 The scope of employees includes all formal employees of the Group, excluding interns.

3 Employee turnover rate = number of employee departure in the reporting year*2/(the number of employees at the beginning of the reporting year + the number of employees at the end of the reporting year).

Employee Care

Health and Safety

We strictly abide by the *Labour Law of the People's Republic of China*, the *Work Safety Law of the People s Republic of China*, the *Prevention and Control of Occupational Diseases Law of the People s Republic of China*, the *Fire Protection Law of the People's Republic of China* and other laws and regulations, and put the safety and health of our employees in the first place. We regard the safety and health of our employees as our top priority, and the human resources department is responsible for the overall supervision and management of the implementation of employee health and safety-related measures. We insist on tending to the needs of our employees and relentlessly concentrate on improving employee experience. We aim to build a pleasant, comfortable, healthy, and reliable working environment to guard the health and safety of our employees.

Health Check-ups	We provide comprehensive medical check-up benefits for our staff, granting access to a number of medical check-up facilities for them to choose from and providing a number of other services such as 24-hour medical check-up butler and interpretation of medical reports.
Safety Trainings	We arrange a number of safety and health trainings and activities each year, including seminars promoting fire safety knowledge, trainings for fraud prevention and property safety, along with activities that pass on eye care and dental health knowledge.
Comfortable Environment	As we strive to provide a better working environment, our efforts have been widely recognised by our employees, who have indicated the highest level of satisfaction for office environment in the Employee Engagement Survey. • In FY2023, we have continued to increase and expand our leased workspaces across the country, with the Beijing, Shanghai, Hangzhou, Suzhou branches completing space expansion, and a new office location opening up in Dalian； • The administration team regularly conducts all-round safety checks on the office environment and facilities and employs a professional team to clean and disinfect the offices; • The chairs used by our staff in the office area are designed with lumbar support; • Our office areas are decorated with greenery, with a greenery coverage of approximately 15% to 20%.


Relocation of Shanghai Branch


Relocation of Hangzhou Branch

Health and Safety

KPI	**FY2023**	FY2022	FY2021
Number of work-related fatalities[4]	0	0	0
Rate of work-related fatality[5]	0	0	0

The number of working days lost due to work injuries in FY2023 was 0 days.

4 The data of occupational health and safety-related deaths and injuries due to work is identified by the Human Resources and Social Security Bureau.

5 The rate of work-related fatality = number of work-related fatalities/total number of employees.

Culture Synergy

Beisen has been upholding the core culture of "customer success", "professionalism", "endeavour" and "simplicity and sincerity" for years. We also look forward to promoting "employee success" together with "customer success". We are committed to team cohesion, and creating a sense of belonging among our employees. We deepen the communication between the Company and our staff, stimulate employees' interactions and communications, and create a harmonious working atmosphere. We do this in order to synchronise individual growth with the Company's advancement, expediting Beisen's development and success. To disseminate corporate culture, we host corporate culture events for our employees every year, gathering all staff to experience our organisational atmosphere, while deepening our staff's understanding of our corporate values, and stimulating organisational vitality.

Case: IOpen creates a barrier-free communication mechanism between employees and the Company

We organise IOpen events to allow employees to understand the Company's strategy, broaden their horizons and see things from a high-level perspective. Not only do these events inspire the formation of a big-picture mindset among our employees, but they are also designed to inspire a sense of ownership.

The IOpen event is held every six months. At the event, the Chairman and CEO will be our guests of honour and will converse directly with our staff, voicing the Company's strategic direction, business planning and cultural initiatives to the staff, and answering the staff's questions. The employee success department would follow up on outstanding issues, and the results of all matters dealt with will be tracked and publicised on the "Response to Everything" module of the Beisen Culture System.

Case: "818 HR Festival", deepens understanding of the professional principle – "customer success"

As an HR SaaS Company, Beisen's customers are mainly HR practitioners. Based on the principle of "customer success", we organised the "818 HR Festival". We interspersed HR theories, typical customer business scenarios, industry knowledge, economic theory and the expertise of Beisen's business lines into online and offline breakthrough games, linking to business rhythm and key points, to promote cooperation and consensus among employees in each business line and position. We help our staff to fully understand our clients and their business and needs from a HR mindset. We enhance their professionalism as collaborators, and deliver confidence to our clients, creating mutual success for both sides of business.

Case: "1024 Programmer's Day" conveys Beisen's technology confidence to lead the industry era

The goal and motivation of Beisen is to "lead the new era of HR SaaS in China in the next ten years". The achievement of the Company's goal requires the consensus and collaboration of all employees, so we need to have everyone persist on the HR SaaS track and direction and continue building Beisen's technological capabilities.

We take "1024 Programmer's Day" as an opportunity to set up themed "Technology Unboxing Sessions", inviting partners from both our industry as well as the research realm to explain "professional technology" in easy-to-understand language. The event passes on technological stories and advocates the concept of "everyone should know a little bit about technology in the digital era". This allows Beisen staff to better understand our industry as well as research technology, to enhance technical self-confidence and pride, and to lift their determination and courage in facing future endeavours.

Training and Development

Employee Training

Upholding the principle of "employee success", we are committed to creating a fair workplace environment and providing support for outstanding employees. We attract and retain talents through our comprehensive training system and supply robust talent resources to support the long-term development of the Company.

We provide our employees with an Employee Growth and Development Platform. The Platform strategically and realistically aids our staff in making growth plans, truly formulating a nurture system that fosters employee growth, development and training. The Platform contains a systemic training scheme that covers aspects ranging from orientation training, knowledge training, skill training to career development training, tailored as according to our employees' job requirements, career development stage needs, and career path needs. The training plan supplies the necessary knowledge and skills to our employees, helping them to continually sharpen capabilities and attain career goals.

We've exerted higher demands on our management team as we abide by the principle of "promoting customer success via achieving organisational effectiveness". All management-level staff are required to uphold the principles of the *Beisen Leadership Code* to uphold long-term thinking and to continuously bring into play the effectiveness of their cadres in order to support the long-term development of the organisation, whether it is during a period of organisational change, rapid business development or stable growth. To this end, we aim to heighten the administration and training of our management-level staff in a multifaceted manner, with strategic achievement as the training goal, and thorough contemplation and the unification of strategy and training as the training principle, along with the synthesis of mindset and motivation incentivisation as the course of action for ideological construction.

Case: our management cultivation mechanism – substituting training with practice & fusing training and practice

During critical economic phase of FY2023, Beisen lays stress on the concept of "process as management" and employs process management as an important tool to catalyse the cooperation between teams and lines of services, in turn becoming an organisation of sophisticated processes. In this regard, we have placed special emphasis on strengthening process management capabilities when it comes to laying out training programmes for our junior to mid-level management. These training programmes take the forms of both online and in-person, fusing leadership and management role requirements with strategic and organisational goal while collaborating with management candidates, immediate supervisors, coaching managers, HR Business Partner (HRBP), and the employee success department, to help and ensure that management staff could give full play to their management effectiveness with multi-dimensional help and support.

Management and Training System Based on Improving Efficiency

Case Study: the Beisen Newly Promoted Managers Turnaround Programme

In the course our rapid development, we have promoted a large number of managers. To help our new managers become competent and effective, we have started the Beisen Newly Promoted Managers Turnaround Programme. The programme includes 5 senior managers, 19 middle-level managers and 66 junior managers, counting to a total of 90 managers.

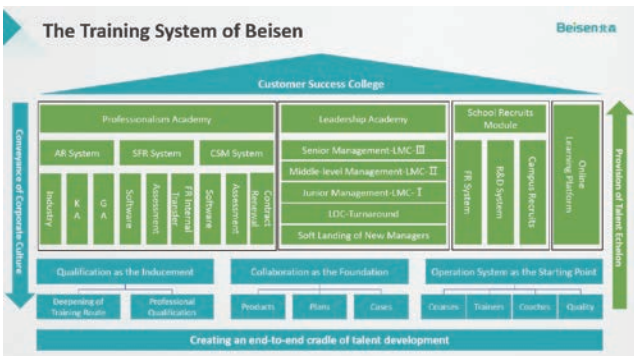
In the design of the turnaround programme, we set key growth targets for the new managers, for them to quickly become competent and effective at management. We have also formulated a five-in-one (managers, mentors, BP, academy, and the management culture department) development plan, consisted of four main themes: process effectiveness, performance management, culture fostering and talent identification for differentiated training of employees of varying levels, helping management excel at their work, while resolving our need for talent during a period of rapid development. Facing our clients, we have hosted sharing sessions on the development management training programme for over 100 clients, providing practical examples of management development for the industry.

Case: An employee development system based on employee success and career development

We have set up an internal Customer Success Academy (COE), which is responsible for coordinating the growth and development of all employees. At the same time, in order to guarantee the personalised development of employees, we also delegate the responsibility for personalised enhancement of employee capabilities to the HRBP system of each business unit.

COE: responsible for designing the training pathways and course system for all staff, organising and implementing a number of the Company-level trainings, sorting out the Company-level knowledge system, operating and managing the tutor system, operating the Company's learning and sharing platform, etc;

HRBP: responsible for designing and implementing personalised capability enhancement plans based on business needs and employee development, linking up with COE for end-to-end talent training system construction, etc.



Case study: Beisen's tiered professional development system

We have created a tiered professional training system, including a campus recruit training programme, a core staff training programme and a specialist training programme, to provide various forms of specialised and tailored training for employees at different levels.

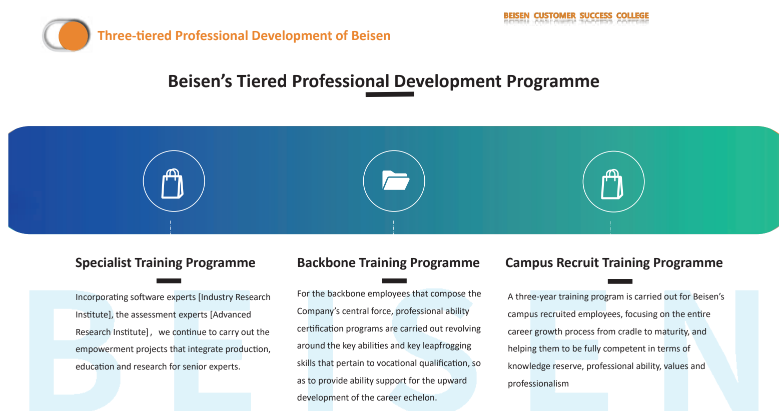
Our employee training curriculum is categorised and implemented in accordance with position levels and merges generic job learnings with specialised skills learnings:

– New Employee Training: Company history and culture, occupational business operations, organisational processes, job skills;

– Specialised Training for Campus Recruits: occupational skills, professional skills；

– Core staff Training: key competencies leapfrogging, operation management, management skills, process management;

– Specialist Training: industry expertise, business scenarios, expert consultation, process application.



The Company provides comprehensive resources for the development and growth of our employees. We have provided over 2,000 internal and external courses to our employees, trained over 300 internal trainers and over 250 mentors. This year, the percentage of employees receiving training exceeds 90% and the average length of training per employee exceeds 30 hours.

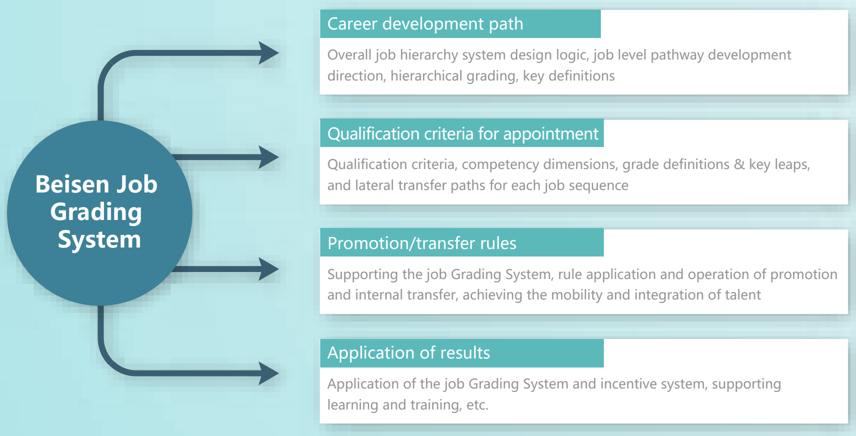
Employee Training

KPI		**FY2023**
Percentage of employees trained		92.09%
Percentage of employees trained by gender	Male	92.77%
	Female	91.48%
Percentage of employees trained by employment type	Full-time	92.09%
	Part-time	0
Percentage of employees trained by management level	Mid to senior management	100%
	Junior management	91.08%
	Non-management employees	91.55%
Average training hours of employees		31.99
Average training hours of employees by gender	Male	29.12
	Female	34.58
Average training hours of employees by employment type	Full-time	31.99
	Part-time	0
Average training hours of employees by management level	Mid to senior management	21.75
	Junior management	29.39
	Non-management employees	33.01

Career Development

We have established the *Career Development Management Principles* to regulate and guide the career development of our staff and to clarify employee career development channels.

We implement a dual-channel career development path, consisted of a management channel and a professional channel, allowing employees to be promoted vertically in one sequence or transferred to a parallel level in another sequence. We offer annual promotion opportunities for our staff, who can either be nominated by their supervisors or apply for promotion on their own. We also take full account of the contributions of our staff and provide fast promotion path for employees who have overcome harsh obstacles and made outstanding contributions, presenting adequate development opportunity for our staff.



Beisen Job Grading System

Case Study: the "Sen π Student" Training Programme

As a leading company in the HR SaaS track, we continue attracting outstanding external talents in the context of our rapid development, while making significant investments in campus recruitment. Since 2021, we started building a systematic structure for recruiting and training of newly graduated hires. The aim of the programme is to provide sound career development support for campus recruits, nurture more talents, and foster candidates for senior management and key specialists.

Combining with the Company's qualifications, we have set up a three-year growth plan, and designed a dual-wheel development paths featuring professionalism and occupational skills. Each "Sen π student" has been assigned a dedicated mentor, providing a full range of resources to support the growth and development of Sen π students.

Since 2021, we have recruited and trained over 400 campus-recruited employees, mainly technical, project management and consulting talents. With the three-year growth plan of the "Sen π Student" Programme, we continue to supply the resources required and guarantees for the development paths of "Sen π Students", constructing a pleasant environment for the growth and development of campus recruits in Beisen. At the same time, we will reflect on the progress of the "Sen π Student" Training Programme and share some of the successful stories in campus-recruited development for customers.

Case: the Construction of Beisen's Sales Growth System

We have pioneered sales training in the HR SaaS industry and developed Beisen's Sales Growth System. The Sales Growth System attracts a large number of cross-sector talents, providing effective talent development paths for the industry.

To accelerate sales training, we establish a Company-level specialised sales talent training programme and design an off-the-job sales training camp, which focuses on four major areas: company culture, sales skills, business expertise and company processes. This year, we have held a total of 6 sales trainings, covering over 220 people. We successfully helped new sales to achieve a 72% new client output rate within 6 months, and an increase of 10% year-on-year. The System also enhances staff integration and reduces staff turnover rate.

ENVIRONMENTAL PROTECTION

Beisen recognises the necessity of environmental protection in achieving sustainable development and is committed to reducing the consumption of natural resources and the negative impact of its own operations on the environment. We strictly comply with various environmental protection laws and regulations, including but not limited to the *Environmental Protection Law of the People's Republic of China*, the *Energy Conservation Law of the People's Republic of China*, the *Solid Waste Pollution Prevention and Control Law of the People's Republic of China*, the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, and the *Water Pollution Prevention and Control Law of the People's Republic of China*. As we actively implement varying environmental protection measures, we are also working on formulating environment-related policies to further strengthen the standardised management of our green operations.

Practising Green Operations

We believe that practising green operations is critical to our Company's continuing development. We embark upon the journey of green sustainable development from the very particulars of operation and take action from the aspects of energy saving & carbon reduction, resource conservation, waste management, and green procurement. As it is our first year of environmental data disclosure, we have preliminarily determined our environmental targets and are going to evaluate and optimise these targets further going forward. Our FY2024 environmental targets are as follows:

Target Category	**Target Description**
Energy Saving	Based on FY2023 levels, the Company is to sustain or reduce its energy consumption intensity.
GHG (Greenhouse Gas) Emissions Reduction	Based on FY2023 levels, the Company is to sustain or reduce its GHG emission intensity.
Waste Reduction	Starting FY2024, the Company's servers, monitors, computer equipment, etc., are to be entirely disposed by qualified recyclers.

Since the water facilities of Beisen offices are managed by the property company, it is difficult for us to impose full control on the water consumption level. To improve water efficiency, we reinforce water-saving notions by posting advocating signs around our workplaces. We will continue to evaluate the effectiveness of existing water conservation measures in order to generate a practical water conservation target in the future.

Energy Saving & Carbon Reduction

Electricity

Beisen's energy consumption mainly arises from the use of electricity generated by fossil fuels. In terms of energy conservation measures, we have installed energy-saving equipment such as LED lights and inverter air conditioners in our offices. We also require our employees to set reasonable air conditioner temperatures and be sure to close the window when air conditioners are turned on. At noon, we turn off our lights for half an hour to save electricity. In addition, we remind employees on a daily basis to turn off the lights, air conditioners and other electrical appliances post meeting and after work via posters, signs, and online group announcements. We also arrange inspections, delegating personnel to scout our offices every day at 9pm to monitor the operating status of electronic appliances in our office and to prevent idle running of lights, computer screens, air conditioners and water dispensers.

KPI	**FY2023**
Total energy consumption *(kWh)*	1,529,645.20
Total energy consumption per unit operating revenues *(kWh/RMB million)*	2,037.04

GHG Emission

During the reporting period, based on the nature of Beisen's business, our Company does not involve any sources that contribute to direct GHG emissions among other gas emissions. Our main gas emissions are the indirect GHG emissions caused by purchased electricity.

KPI	**FY2023**
Total GHG emissions[6] *(tonnes CO2e)*	872.36
Total GHG emissions per unit operating revenues *(tonnes CO2e/RMB million)*	1.16

6 GHG data is calculated using the 2022 national grid average emission factor from the *Notice on Management of Greenhouse Gas Emission Reporting by Organisations in the Power Generation Industry From 2023 to 2025* issued by the Ministry of Ecology.

Resource Conservation

Water Resources

The water resources used by Beisen come from municipal water supply and there were no concerns in sourcing water. We post slogans of water conservation in our offices, calling on employees to save water in everyday life. We also regularly arrange specialised personnel to inspect faucets, water pipelines and other facilities, instigating timely repairs of damages and faults to avoid water wastage. In addition, our property company checks and informs us with the water meter readings every month. We look into abnormal fluctuations in these readings to troubleshoot for water leaks.

KPI	**FY2023**
Total water consumption *(tonnes)*	1,246.80
Total water consumption per unit operating revenues *(tonnes/RMB million)*	1.66

Paper Resources

We strongly advocate for paper conservation. Our office printers are set to duplex printing by default to reduce paper usage, and we post reminders around office spaces calling for reuse of waste papers. In our determination to achieve a paperless working environment, we constantly strive to digitalise a number of working processes. For example, we have optimised the expense reimbursement and contract archiving process, replacing the need for paper records with online QR code registration. We have also launched a fixed asset management system, enabling employees to complete self-service asset inventory process via code scanning, apply for new assets and repairs, in turn cutting paper usage. What's more, during our interview process, we no longer require candidates to fill out multiple application forms on paper and instead ask them to register online via code scanning on their cellular phones.

Waste Management

We strictly comply with the *Prevention and Control of Environmental Pollution by Solid Waste of the People's Republic of China* and the laws and regulations of the place where we operate. The hazardous waste generated by the Company's operations mainly includes waste toner cartridges and ink cartridges, and we collect the hazardous waste generated by the operation separately and entrust a qualified third party to undergo harmless disposal.

The non-hazardous waste generated by the Company's operations mainly includes office waste and waste electronic equipment. For non-hazardous waste, we use sorting bins in the work area, strictly implement pre-sorting, and then hand it over to the property company for recycling and transportation. Starting in FY2023, we focus on the reuse of retired office computers. For retired office computers that have been evaluated to be in good condition, we will donate them to people in need in the remote mountainous areas or encourage in-house purchases by our staff. In addition, we hand over retired office computers with a repair cost greater than the residual value to a professional second-hand electronic products recycling platform.

KPI	**FY2023**
Total hazardous waste *(tonnes)*	0.09
Total hazardous waste per unit operating revenues[7] *(tonnes/RMB million)*	0.00
Total non-hazardous waste[8] *(tonnes)*	188.10
Total non-hazardous waste per unit operating revenues *(tonnes/RMB million)*	0.25

7 The total hazardous waste per unit operating revenues of FY2023 for our Company is 0.00012 tonnes/RMB million. The data listed in the table above is rounded to two decimal places.

8 We estimate the non-hazardous waste generated during the reporting period based on the pollution factor in the *Emission Factor Handbook Based on the First National Survey of Urban Living Sources* issued by the State Council of the People's Republic of China along with the number of Beisen employees.

Green Procurement

We also implement green concepts in our procurement process, giving priority to environmentally friendly products and services, and consider suppliers' contribution to energy conservation and environmental protection as a scoring factor. We do this to foster environmental protection mindfulness among suppliers, cultivate their implementation of environmental initiatives, mitigate from environmental and social risks.

As a cloud-based HCM solution provider, we use our own servers to operate and maintain the cloud-based infrastructure that hosts our Beisen Cloud HCM solution, which is hosted in a third-party data centre. We respond to policies such as the *Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy* and the *Guiding Opinions on Strengthening the Construction of Green Data Centres* by working with data centres that have implemented sustainable practices and are committed to reducing their carbon footprint. We require our server hosting service providers to comply with the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Soil Pollution Prevention and Control Law of the People's Republic of China*, the *Solid Waste Pollution Prevention and Control Law of the People's Republic of China* and partner with our data centres to promote energy saving and emission reduction at the technical and operational level. At the technical level, the data centres are equipped with energy-saving and consumption-reduction systems as well as photovoltaic energy storage technology, substation and distribution energy-saving systems, and intelligent electrical automatic control systems to further energy efficiency enhancement. At the operational level, the data centres implement daily measures to optimise server room indoor airflow organisation, including adjusting the opening degree of the ventilation floor and ensuring the optimal operation of air conditioners; protocols are also in place to precisely control the lighting and air conditioning systems in the office area to achieve energy saving and carbon reduction in daily operations.

Responding to Climate Change

We recognise that global warming not only harms ecosystems but also poses a serious challenge to businesses and that addressing climate change is an urgent global issue. We take the risks and opportunities presented by climate change seriously and, under the oversight of the Board, we actively identify and assess short, medium and long-term climate-related risks and opportunities and seek to integrate these climate-related considerations into our business, strategic and financial strategy.

The Board will assess the likelihood of risks occurring and the expected level of impact in the short, medium and long term. Decisions to mitigate, transfer, accept or control risks are influenced by various factors, such as the location of operation, cost benefit analysis and changes in the regulatory environment. We incorporate physical and transitional risk analysis into our risk assessment process and risk appetite setting. Where risks and opportunities are considered significant, we incorporate them into our strategic and financial planning processes. Potential physical risks from extreme weather conditions and potential transition risks from changes in climate-related regulations and policies and shifting market concerns are not expected to have a significant impact on our operations in the short to medium term. We are also committed to reducing long-term transition risks by reducing our carbon footprint. We have been and will continue to take mitigation measures to address these climate-related risks, including setting and monitoring various metrics and targets to advance our ESG objectives.

Climate-related Risks

We have identified and assessed the physical and transformational risks posed by climate change, estimated the period of impact of the risks, and developed responsive management and coping strategies:

Risk Category	Risk Description	Estimated Impact Timeframe	Description of Potential Impact	Management and Coping Strategies
Physical Risk	Extreme weather such as rainstorms, hurricanes etc.	Short-term (current reporting period)	Service interruptions, property damage, and loss of data, causing negative impact on the Company's operational revenue and reputation.	In case of extreme weather, flexible office forms such as working from home and adjusting working hours are adopted to ensure staff safety and operational order; internal contingency plans are formulated for acute weather events; uninterrupted power supply systems are installed on servers to avoid sudden power outages leading to work stoppages; and data centres with well-developed contingency plans are given priority in the procurement of server hosting suppliers.
Transition Risk	Increasingly stringent environmental regulatory oversight	Medium-term (1–3 years)	Increased operational and compliance costs; fines, reputational damage and loss of customers due to failure to comply in a timely manner.	Gravitate towards carbon neutrality by implementing energy saving and carbon reduction measures; continuously track changes in climate-related environmental policies and deploy resources in advance to respond; develop or update internal policies in a timely manner; focus on the environmental policy compliance of server hosting suppliers at the entry and assessment stages, and terminate cooperation with non-compliant suppliers in a timely manner to avoid affecting the continuity of the Company's operations.

Risk Category	Risk Description	Estimated Impact Timeframe	Description of Potential Impact	Management and Coping Strategies
Transition Risk	Shift in global market concerns	Long-term (more than 3 years)	Investors and customers are increasingly concerned about corporate emissions and resource use, and the ability to provide green, low-carbon products and services. Failure to respond to this trend could lead to reputational damage and consequently loss of market competitiveness and customers.	Increase investment in research and development of green and low carbon solutions; keep abreast of the expectations and focus of investors, customers and other stakeholders on low carbon and environmental protection; track changes in the global market; update product and service portfolios in response to market changes.

Climate-related Opportunities

Owing to the nature of cloud-based services, our solutions enable users to complete a number of different tasks such as recruitment, interviewing and training from anywhere and at any time. This in turn meets the increased demand for flexible working due to climate change or extreme weather and reduces GHG emissions from unnecessary commuting. As climate change calls for a low-carbon transformation globally, it can be expected that cloud-based applications, as a key vehicle fuelling green transformation, are to experience a rise in overall demand. We will continue to monitor global trends, assess the scope of the impact of climate change, and actively engage in research and development of relevant products and services to seize business growth opportunities.

SOCIAL CONTRIBUTION

As a human resources technology company, we hope to leverage our resources and edges to take on social responsibilities and contribute to public welfare with practical actions.

Cultivating Industry Talents

Boosting High-Quality Development of the Industry

We are committed to providing technical and capability support for the cultivation of human resources management talents in various industries utilising Beisen's product. We provide various forms of thematic trainings for HR practitioners who wish to enhance human resource management skills. The trainings including campus recruitment assessment applications, leadership applications, talent inventory capability trainings, competence modelling trainings, talent data analysis capability trainings, helping enterprises to comprehensively enhance human resource management capabilities.

As of March 31, 2023, we have offered 9 series specialist certification workshops, facing 157 trainees, with an average satisfaction rate of 99%. We have also conducted 11 series of special live broadcasts and training series facing 635 trainees, with an average satisfaction rate of 99%.

Promoting the Development of Digital Talents

Starting from 2022, we have established professional capability training and certification programmes for practitioners who engaged HRIS. So far we have offered 5 courses, providing thematic learning and practical skill improvement, while supplying industry communication channels to HRIS practitioners, catalysing the development of human resources digital talents.

Supporting Public Welfare Projects

Case: Supporting Jack Ma Foundation's Rural Education Programme

We have been supporting the Jack Ma Foundation's Rural Education Programme since 2017. Every year, we provide consultation and technical support for selected teachers, education specialists, and students majoring in education, all of which from rural regions. Together with the Jack Ma Foundation, we have built talent profiles for rural education specialists and established talent evaluation programmes. We also help to select outstanding teachers who are committed to rural education, aid them in attaining support, starting their careers, and acquiring resources for development.

Beisen’s support for this programme mainly takes the forms of:

- Providing assessment tools to select suitable candidates;
- Creating talent profiles for rural educators, publishing the White Paper on Rural Education Talent Profiles;
- Providing online trainings for rural teachers and educators to help them better understand their strengths and leadership capabilities;
- Engaging as judges in interviews for rural educators.

Jack Ma Rural Education Talent Program – Rural Educator Profile White Paper

In 2022, the number of village school principals and teachers using our assessment tools to complete the assessment selection is 1,796.

Case: Supporting Moderate's[9] "Public Welfare Talent Capability Navigation" Project

We provide assessment tools to support Moderate's 'Public Welfare Talent Capability Navigation' project. The project aims to provide capacity evaluation and development suggestions for public welfare practitioners through the establishment and operation of a public welfare talent capability assessment system. The project improves the effectiveness of public welfare talent development and provides guidance for the development of talents in the public welfare industry. From 2020 to 2022, public welfare organisations and practitioners from different fields such as environment, community development, rural education, and industry development have used Beisen's assessment tools to obtain detailed talent evaluation reports, in turn deepening their understanding of their own abilities and potential.

During the reporting period, Beisen has contributed more than RMB200,000 for this project in support of public welfare personnel assessments.

Moderate's Consultant analyses Beisen's evaluation results and conducts trainings for trainees

9 Moderate is a consulting organisation dedicated to providing personnel, organisation, cultural research and professional services for non-profit organisations. Moderate has served nearly one hundred non-profit organisations and social enterprises that specialise in the realms of education, environment, children, health, disaster relief, and rural development, among others.

Conduct Emergency Actions

We provide course guidance and technical support during the epidemic while leveraging our professional resources to aid corporate HR safeguard employees' mental health and assist in maintaining normal work order:

Case: Fighting the Epidemic – Employee Safety Handbook

We establish a research working group to compile and produce the Fighting the Epidemic – Employee Safety Handbook from the three perspectives of medical knowledge, psychological adjustment methods, and corporate action strategies. We distribute it to organisations' HR departments in need to help them improve employees' mental health.

Case: Mental Health Assessment Tool

We provide employee mental health assessment tools to organisations in need, especially adding psychological support content for epidemic concerns. We help employees promptly understand their own psychological conditions.

Case: Employee Self-Psychological Adjustment Programme

We have developed an employee self-help psychological adjustment programme, helping organisations alleviate employees' anxiety during the pandemic by producing video courses on making psychological adjustments.

In the future, we will continue to contribute to public welfare while leveraging our business strengths. We will also continue to invest in creating employment opportunities, providing professional trainings, promoting the digital talents growth, and caring for vulnerable social groups. We aim to deliver positive energy in the community, contributing our own strength in fostering the development of public welfare and industry talents in the community.

INDEX TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Mandatory Disclosure Requirements		Corresponding chapters
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Board Statement
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: **Materiality:** The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. **Quantitative:** Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. **Consistency:** The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	About This Report

Mandatory Disclosure Requirements		**Corresponding chapters**
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	About This Report

A Environment Subject Areas, Aspects, General Disclosures and KPIs			**Correspondent Chapters**
Aspect A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Protection
	KPI A1.1	The types of emissions and respective emissions data.	Energy Saving & Carbon Reduction
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Energy Saving & Carbon Reduction
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental Protection
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Practising Green Operations Waste Management

A Environment Subject Areas, Aspects, General Disclosures and KPIs			Correspondent Chapters
Aspect A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Energy Saving & Carbon Reduction Resource Conservation
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Energy Saving & Carbon Reduction
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Resource Conservation
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Practising Green Operations
	5.1.1	Energy Saving & Carbon Reduction	
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Practising Green Operations Resource Conservation
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	During the reporting period, no production process was involved in the conduct of the Company's main business and there were no manufactured goods; the KPI is not applicable.
Aspect A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environmental Protection
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection Energy Saving & Carbon Reduction Resource Conservation Waste Management Green Procurement

A Environment **Subject Areas, Aspects, General Disclosures and KPIs**			**Correspondent Chapters**
Aspect A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Responding to Climate Change
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Responding to Climate Change Climate-related Risks Climate-related opportunities

B Social **Subject Areas, Aspects, General Disclosures and KPIs**			**Correspondent Chapters**
		Employment and Labour Practices	
Aspect B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Compliance with Labour Standards Employee Recruitment Remuneration and Benefits
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Compliant Employment
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Compliant Employment

B Social			
Subject Areas, Aspects, General Disclosures and KPIs			**Correspondent Chapters**
Aspect B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
	KPI B2.2	Lost days due to work injury.	Health and Safety
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety
Aspect B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employee Training
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employee Training
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Employee Training
Aspect B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Compliance with Labour Standards
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Compliance with Labour Standards
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Compliance with Labour Standards

B Social			
Subject Areas, Aspects, General Disclosures and KPIs			**Correspondent Chapters**
		Operating Practices	
Aspect B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
	KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management Green Procurement
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management Green Procurement
Aspect B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Data Security Information Security System Data Privacy Protection The Company mainly provides integrated HR SaaS and talent management platform services, therefore, it is not involved in health and safety and labelling matters relating to products and services provided and methods of redress.
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Company mainly provides integrated HR SaaS and talent management platform services, therefore, it is not involved in the recalling of products sold or shipped subject for safety and health reasons.

B Social			
Subject Areas, Aspects, General Disclosures and KPIs			**Correspondent Chapters**
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Service Optimisation
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property Protection
	KPI B6.4	Description of quality assurance process and recall procedures.	The Company's business is not involved in product recalls. Service Optimisation
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Data Privacy Protection
Aspect B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-Corruption
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-Corruption
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-Corruption
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-Corruption
		Community	
Aspect B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Social Contribution
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Cultivating Industry Talents Supporting Public Welfare Projects Conduct Emergency Actions
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Supporting Public Welfare Projects

羅兵咸永道

To the Shareholders of Beisen Holding Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Beisen Holding Limited (the "**Company**") and its subsidiaries (the "**Group**"), which are set out on pages 159 to 255, comprise:

- the consolidated statement of financial position as at 31 March 2023;
- the consolidated statement of comprehensive loss for the year then ended;
- the consolidated statement of changes in deficits for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("**ISAs**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("**IESBA Code**"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Revenue recognition
- Valuation of redeemable convertible preferred shares

Key Audit Matter	**How our audit addressed the Key Audit Matter**
Revenue recognition	
Refer to notes 2.21 and 6 to the consolidated financial statements.	We have performed the following procedures to address this key audit matter:
The Group mainly derives revenue separately or in combination from cloud-based human capital management ("**HCM**") solutions and professional services.	• Understood and evaluated the management's internal controls in relation to recognition of revenues from cloud-based HCM solutions and professional services, the general controls of the relevant information technology systems ("**IT Systems**"), and on a sample basis, tested the key controls over revenue transactions of the Group;

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition (Continued)	
Cloud-based HCM solution revenues mainly include subscriptions for unlimited access to, or limited number of usages of, the Group's cloud-based HCM solutions over the contract term. Revenue is generally recognised ratably over the contract term under unlimited access subscription model, and is recognised upon the later of Sendou consumption and expiration under limited number of usage subscription model. Professional service revenues mainly include revenues generated from the implementation services and value-added services associated with the cloud-based HCM solutions. Implementation service revenues are recognised ratably over the service periods; value-added service revenues are primarily recognised at a point in time when the services are completed and acknowledged by customers. During the year ended 31 March 2023, the Group's revenues from cloud-based HCM solutions and professional services were RMB537.3 million and RMB213.7 million, respectively. We focused on this area as significant efforts were spent on auditing the revenues recognised by the Group due to the magnitude of the revenue amount, the variety of services offered by the Group, and the significant volume of revenue transactions, for which significant audit resources are required to be allocated.	• Inspected the key terms of revenue contracts with customers, on a sample basis, to evaluate the appropriateness of the revenue recognition accounting policies adopted by the Group; • Tested the reliability of system-generated reports that summarized the key data for the calculation of revenues by using computer-assisted audit techniques; • Tested revenue transactions, on a sample basis, by inspecting the key terms of revenue contracts with customers, system records, completion report acknowledged by customers, and recalculated the revenue recognised for the selected transactions; and • Sent confirmations to customers for revenues recorded during the year and accounts receivable as at 31 March 2023 on a sample basis. Based on the procedures performed, we considered that the Group's revenue transactions tested were supported by the evidence obtained.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of redeemable convertible preferred shares	
Refer to notes 2.16, 3.3, 4(b) and 28 to the consolidated financial statements. The fair value of redeemable convertible preferred shares issued by the Company classified as financial liabilities was RMB9.4 billion as at 31 March 2023, and a fair value loss of RMB2.2 billion was recognised in the statement of comprehensive loss for the year ended 31 March 2023. Because the Company was still unlisted and not traded in an active market as at 31 March 2023, the redeemable convertible preferred shares were measured based on unobservable inputs and were classified as level 3 financial instruments as at 31 March 2023. Management used discounted cash flow method to determine the underlying equity value of the Company and adopted equity allocation model to determine the fair value of the redeemable convertible preferred shares. The determination of fair value of redeemable convertible preferred shares required management's significant judgements on key assumptions and inputs including discount rate, risk-free interest rate, discount for lack of marketability ("**DLOM**"), and expected volatility and the relevant underlying assumptions used in the financial projections (in particular revenue growth rates and profit margins), and an independent external valuation expert was involved in fair value determination.	We have performed the following procedures to address this key audit matter: • Obtained an understanding of the management's internal control and assessment process of determining the fair value of redeemable convertible preferred shares, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias; • Examined the redeemable convertible preferred shares agreements and other relevant documents, and assessed the implications of the key terms as set out in these documents to the valuation of the redeemable convertible preferred shares; • Assessed the competence, capabilities and objectivity of the independent external valuation expert engaged by the Group;

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of redeemable convertible preferred shares (Continued)	
We focused on this area due to the significance of the balances of the redeemable convertible preferred shares, as well as the significant judgements and assumptions required in determining the fair value of the redeemable convertible preferred shares.	• Involved our internal valuation expert in assessing and challenging the appropriateness of the valuation techniques used and the reasonableness of the significant assumptions, including discount rate, risk-free interest rate, DLOM, and expected volatility by comparing with those as adopted by comparable companies in the industry and other external market data; evaluated the key assumptions applied by management in the financial projections, including revenue growth rate and profit margins, with reference to historical business performance, and our understanding of the Group's business, management's financial forecast, and available market data; and • Checked the data used in the fair value determination to supporting documents. Based on the procedures performed, we considered that management's judgements and assumptions applied in fair value measurement of the redeemable convertible preferred shares were supportable by the evidence obtained.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yuen Kwok Sun.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 June 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

		Year ended 31 March	
		2023	2022
	Note	***RMB'000***	*RMB'000*
Revenues from contracts with customers	6	**750,914**	679,627
Cost of revenues	9	**(335,350)**	(279,116)
Gross profit		**415,564**	400,511
Selling and marketing expenses	9	**(386,855)**	(331,000)
General and administrative expenses	9	**(165,725)**	(206,616)
Research and development expenses	9	**(303,329)**	(258,357)
Net impairment losses on financial assets and contract assets	3.1	**(2,909)**	(1,024)
Other income	7	**37,405**	34,929
Other gains, net	8	**37,737**	72,994
Operating loss		**(368,112)**	(288,563)
Finance income		**7,643**	7,811
Finance costs		**(3,072)**	(2,628)
Finance income, net	11	**4,571**	5,183
Fair value changes of redeemable convertible preferred shares	28	**(2,241,362)**	(1,638,199)
Loss before income tax		**(2,604,903)**	(1,921,579)
Income tax credit	12	**5,911**	12,807
Loss from continuing operations		**(2,598,992)**	(1,908,772)

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS (CONTINUED)

		Year ended 31 March	
		2023	2022
	Note	***RMB'000***	*RMB'000*
Loss is attributable to:			
– Owners of the Company		**(2,598,992)**	(1,908,772)
– Non-controlling interests		**–**	–
		(2,598,992)	(1,908,772)
Loss per share for loss from continuing operations attributable to the ordinary equity holders of the Company (expressed in RMB per share)			
–Basic and diluted	13	**(12.16)**	(8.92)
Loss for the year		**(2,598,992)**	(1,908,772)
Other comprehensive (loss)/income:			
Items that may be reclassified to profit or loss			
Currency translation differences		**(288,414)**	15,661
Items that may not be reclassified to profit or loss			
Currency translation differences		**(243,838)**	114,890
Fair value changes of redeemable convertible preferred shares due to own credit risk	28	**(2,110)**	7,365
Other comprehensive (loss)/income for the year, net of tax		**(534,362)**	137,916
Total comprehensive loss for the year		**(3,133,354)**	(1,770,856)
Total comprehensive loss is attributable to:			
– Owners of the Company		**(3,133,354)**	(1,770,856)
– Non-controlling interests		**–**	–
		(3,133,354)	(1,770,856)

The above consolidated statement of comprehensive loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 March 2023 RMB'000	As at 31 March 2022 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**50,193**	34,790
Right-of-use assets	16	**56,814**	78,440
Intangible assets	15	**592**	411
Deferred income tax assets	25	**19,142**	13,188
Other receivables and prepayments	20	**12,947**	15,816
Contract acquisition costs	6	**31,215**	19,095
Financial assets at fair value through profit or loss	18	**27,881**	23,294
Restricted cash	21	**1,030**	1,030
Total non-current assets		**199,814**	186,064
Current assets			
Contract acquisition costs	6	**20,913**	22,064
Contract assets	6	**2,350**	2,713
Trade receivables	19	**22,593**	22,174
Other receivables and prepayments	20	**13,996**	24,716
Financial assets at fair value through profit or loss	18	**1,015,410**	1,297,642
Term deposits	21	**186,818**	190,446
Restricted cash	21	**175**	180
Cash and cash equivalents	21	**408,709**	288,706
Total current assets		**1,670,964**	1,848,641
Total assets		**1,870,778**	2,034,705
DEFICITS			
Share capital	22	**15**	15
Share premium	22	**623,064**	623,064
Reserves	23	**(1,164,394)**	(687,107)
Accumulated losses		**(7,815,314)**	(5,216,322)
Deficits attributable to owners of the Company		**(8,356,629)**	(5,280,350)
Non-controlling interests		**–**	–
Total deficits		**(8,356,629)**	(5,280,350)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	**As at 31 March 2023** *RMB'000*	As at 31 March 2022 *RMB'000*
LIABILITIES			
Non-current liabilities			
Redeemable convertible preferred shares	28	**9,408,379**	6,610,924
Lease liabilities	16	**22,312**	39,399
Contract liabilities	6	**30,055**	22,284
Total non-current liabilities		**9,460,746**	6,672,607
Current liabilities			
Trade payables	26	**6,766**	4,703
Other payables and accruals	27	**256,664**	202,210
Contract liabilities		**469,334**	398,407
Lease liabilities	16	**33,897**	37,128
Total current liabilities		**766,661**	642,448
Total liabilities		**10,227,407**	7,315,055
Total deficits and liabilities		**1,870,778**	2,034,705

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 159 to 255 were approved by the Board of Directors on 28 June 2023 and were signed on its behalf:

Ji Weiguo, Director

Liu Xianna, Director

CONSOLIDATED STATEMENT OF CHANGES IN DEFICITS

	Note	Attributable to owners of the Company						
		Share capital *RMB'000*	Share premium *RMB'000*	Reserves *RMB'000*	Accumulated losses *RMB'000*	Sub-total *RMB'000*	Non-controlling interests *RMB'000*	Total deficits *RMB'000*
Balance at 1 April 2021		15	642,911	(878,653)	(3,307,550)	(3,543,277)	(5)	(3,543,282)
Comprehensive loss:								
Loss for the year		–	–	–	(1,908,772)	(1,908,772)	–	(1,908,772)
Fair value changes of redeemable convertible preferred shares due to own credit risk	23,28	–	–	7,365	–	7,365	–	7,365
Currency translation differences		–	–	130,551	–	130,551	–	130,551
Total comprehensive loss for the year		–	–	137,916	(1,908,772)	(1,770,856)	–	(1,770,856)
Transactions with owners in their capacity as owners:								
Repurchase of ordinary shares	22	–	(19,847)	–	–	(19,847)	–	(19,847)
Share-based payments	24	–	–	53,635	–	53,635	–	53,635
Share transfer from non-controlling shareholder to existing shareholder		–	–	(5)	–	(5)	5	–
Total transactions with owners in their capacity as owners		–	(19,847)	53,630	–	33,783	5	33,788
Balance at 31 March 2022		15	623,064	(687,107)	(5,216,322)	(5,280,350)	–	(5,280,350)
Balance at 1 April 2022		**15**	**623,064**	**(687,107)**	**(5,216,322)**	**(5,280,350)**	**–**	**(5,280,350)**
Comprehensive loss:								
Loss for the year		**–**	**–**	**–**	**(2,598,992)**	**(2,598,992)**	**–**	**(2,598,992)**
Fair value changes of redeemable convertible preferred shares due to own credit risk	23,28	**–**	**–**	**(2,110)**	**–**	**(2,110)**	**–**	**(2,110)**
Currency translation differences		**–**	**–**	**(532,252)**	**–**	**(532,252)**	**–**	**(532,252)**
Total comprehensive loss for the year		**–**	**–**	**(534,362)**	**(2,598,992)**	**(3,133,354)**	**–**	**(3,133,354)**
Transactions with owners in their capacity as owners:								
Share-based payments	24	**–**	**–**	**57,075**	**–**	**57,075**	**–**	**57,075**
Total transactions with owners in their capacity as owners		**–**	**–**	**57,075**	**–**	**57,075**	**–**	**57,075**
Balance at 31 March 2023		**15**	**623,064**	**(1,164,394)**	**(7,815,314)**	**(8,356,629)**	**–**	**(8,356,629)**

The above consolidated statement of changes in deficits should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	As at 31 March 2023 RMB'000	As at 31 March 2022 RMB'000
Cash flows from operating activities			
Cash used in operations		**(155,168)**	(161,251)
Interest received		**6,416**	7,863
Interest paid		**(3,072)**	(2,628)
Income tax paid		**(43)**	(22)
Net cash outflow from operating activities		**(151,867)**	(156,038)
Cash flows from investing activities			
Payments for property, plant and equipment		**(38,080)**	(42,215)
Proceeds from disposal of property, plant and equipment		**82**	87
Payments for intangible assets		**(274)**	(7)
Payments for financial assets at fair value through profit or loss–current	3.3(a)	**(3,225,000)**	(2,253,000)
Proceeds from disposal of financial assets at fair value through profit or loss	3.3(a)	**3,544,801**	1,114,069
Proceeds from disposal of subsidiaries, net of cash disposed		**–**	579
Purchase of term deposits		**(693,046)**	(1,024,781)
Proceeds from maturities of term deposits		**717,210**	920,702
Placement of restricted cash		**(132)**	(73,268)
Withdrawals of restricted cash		**137**	84,268
Loan repayment from employee		**1,452**	891
Net cash inflow/(outflow) from investing activities		**307,150**	(1,272,675)
Cash flows from financing activities			
Proceeds from issuance of redeemable convertible preferred shares	28	**–**	1,700,951
Payment for shares repurchase		**–**	(146,350)
Payment for listing expenses		**(358)**	(2,055)
Principal elements of lease payments	16	**(36,551)**	(37,820)
Net cash (outflow)/inflow from financing activities		**(36,909)**	1,514,726
Net increase in cash and cash equivalents		**118,374**	86,013
Cash and cash equivalents at the beginning of the financial year		**288,706**	215,074
Effects of exchange rate changes on cash and cash equivalents		**1,629**	(12,381)
Cash and cash equivalents at end of year		**408,709**	288,706

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 GENERAL INFORMATION

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

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

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

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

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

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

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

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

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

Going concern

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

2.1.1 New and amended standards adopted by the Group

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

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

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

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

2.1.2 Changes in accounting policy and disclosures

New standards, amendments to standards and interpretations not yet adopted

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

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

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

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-Group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(a) Subsidiaries controlled through Contractual Arrangements

On 25 September 2018, Beijing Beisen Cloud Technology Co., Ltd. (北京北森雲科技有限公司, "**Beijing WFOE**") entered into a series of contractual arrangements (collectively, the "**Contractual Arrangements**") with Beijing Beisen Cloud Computing Co., Ltd (北京北森雲計算股份有限公司, "**Beisen Cloud Computing**") and its shareholders, who collectively hold 99.9555% equity interests of Beisen Cloud Computing; the remaining minority interests were subsequently acquired by the Co-founders in the year ended 31 March 2019 and 2022, and are subject to the Contractual Arrangements accordingly. The Contractual Arrangements enable Beijing WFOE and the Group to:

- exercise power to direct relevant activities of Beisen Cloud Computing and its subsidiaries (collectively the "**PRC Consolidated Affiliated Entities**");
- exercise equity holders' voting rights of the PRC Consolidated Affiliated Entities;

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(a) Subsidiaries controlled through Contractual Arrangements (Continued)

- receive substantially all of the economic interest returns generated by the PRC Consolidated Affiliated Entities, in consideration for the business support by the Beijing WFOE, at the Beijing WFOE's discretion;

- obtain an exclusive and irrevocable option to purchase all or part of the equity interests in Beisen Cloud Computing from its shareholders for a purchase price of RMB10, to the extent permitted under PRC law or the lowest price permitted under PRC law shall apply. At the Beijing WFOE's request, the registered equity holders of Beisen Cloud Computing will promptly and unconditionally transfer their respective equity interests in Beisen Cloud Computing to Beijing WFOE or its designated representative(s) after the Beijing WFOE exercises its purchase option, either in part or in full; and

- obtain a pledge over the equity interests of Beisen Cloud Computing from its shareholders as a collateral security for the obligations to perform the provisions of the Contractual Arrangements.

As a result of the Contractual Arrangements, the Company has right to exercise power over the PRC Consolidated Affiliated Entities, receives variable returns from its involvement with the PRC Consolidated Affiliated Entities, and has the ability to affect those returns through its power over the PRC Consolidated Affiliated Entities. Therefore, the Company is considered to control the PRC Consolidated Affiliated Entities. Consequently, the Company regards the PRC Consolidated Affiliates Entities as controlled structure entities and consolidates the financial position and statements of comprehensive loss of these entities in the consolidated financial statements of the Group.

Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over the PRC Consolidated Affiliated Entities and such uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the PRC Consolidated Affiliated Entities. The directors, based on the advice of its PRC legal advisor, consider that the Contractual Arrangements are in compliance with the relevant PRC laws and regulations and are legally binding and enforceable.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(b) Business combinations

The Group applies the acquisition method to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries (Continued)

2.2.1 *Consolidation (Continued)*

(b) Business combinations (Continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statements of comprehensive loss.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS.

2.2.2 *Separate financial statements*

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

(a) Investments in associates in the form of ordinary shares

Investments in associates in the form of ordinary shares are accounted for using the equity method of accounting in accordance with IAS 28. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in these associates include goodwill identified on acquisition, net of any accumulated impairment loss. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate in the form of ordinary shares is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to consolidated statements of comprehensive loss where appropriate.

The Group's share of the associates' post-acquisition profit or loss is recognised in the consolidated statements of comprehensive loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investments in the associate are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profit of investments accounted for using equity method" in the consolidated statements of comprehensive loss.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Associates (Continued)

(a) Investments in associates in the form of ordinary shares (Continued)

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interest in associates are recognised in the consolidated statements of comprehensive loss.

(b) Investments in associates in the form of ordinary shares with contingent redemption rights

Investments in associates in the form of ordinary shares with contingent redemption rights are accounted for as hybrid financial instruments and designated as financial assets measured at fair value through profit or loss in accordance with IFRS 9 (Note 2.9).

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("**CODM**"). The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of the Group.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The functional currencies of the Company and its subsidiaries outside mainland China are United States dollars ("**US$**" or "**USD**"), while the functional currencies of the Company's subsidiaries in the mainland China are RMB. As the major operations of the Group during all the years presented are within the mainland China, the Group determined to present its consolidated financial statements in RMB (unless otherwise stated).

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in consolidated statements of comprehensive loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of comprehensive loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statements of comprehensive loss on a net basis within other gains, net.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income/(loss).

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency translation (Continued)

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- income and expenses for each income statement are translated at average exchange rates unless this average is not a reasonable approximation of the cumulative effect of rates prevailing on the transaction dates, in which cases income and expenses are translated at the rate on the dates of the transactions; and

- all resulting currency translation differences are recognised in other comprehensive income/(loss).

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income/(loss). When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical costs less depreciation. Historical costs include expenditure that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values at 5%, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

- Electronic equipment — 3 years
- Furniture and office equipment — 5 years
- Leasehold improvements — shorter of estimated useful lives and remaining lease terms

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in "other gains, net" in the consolidated statements of comprehensive loss.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Intangible assets

(a) Software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining software are recognised as expenses as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software or database so that it will be available for use;
- Management intends to complete the software or database, and use or sell it;
- There is an ability to use or sell the software or database;
- It can be demonstrated how the software or database will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software or database are available, and
- The expenditure attributable to the software or database during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software or database include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. There were no development costs meeting these criteria and capitalised as intangible assets for the years ended 31 March 2022 and 2023.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.7 Intangible assets *(Continued)*

(b) Research and development expenditures

Research and development expenditures that do not meet the criteria in (a) above are recognised as expenses as incurred. Development costs previously recognised as expenses are not recognised as assets in subsequent period.

(c) Amortization method and period

The Group's intangible assets mainly represent software for internal use. The useful lives of software are 2 to 10 years, which is the best estimation under current business needs. The management estimates the useful lives of the intangible assets based on the expected usage of the software.

2.8 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows, which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets (other than goodwill) that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("**OCI**") or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through OCI ("**FVOCI**").

See Note 17 for details of each type of financial assets.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (Continued)

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVPL**"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other gains, net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statements of comprehensive loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through profit or loss, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "other gains, net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other gains, net" and impairment expenses are presented as separate line item in the consolidated statements of comprehensive loss.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (Continued)

(c) Measurement (Continued)

Debt instruments (Continued)

- FVPL: Assets that do not meet the criteria for amortised cost or financial assets at FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within "other gains, net" in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as "other income" when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in "other gains, net" in the consolidated statements of comprehensive loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Group has the following types of assets subject to IFRS 9's new expected credit loss model:

- Trade receivables and contract assets
- Other receivables
- Term deposits
- Restricted cash
- Cash and cash equivalents

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (Continued)

(d) Impairment (Continued)

For trade receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. See Note 3.1(b) for further details.

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses. To manage risk arising from restricted cash and cash and cash equivalents, the Group only transacts with state-owned or reputable financial institutions. There has been no recent history of default in relation to these financial institutions.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss. Impairment testing of trade receivables and contract assets is described in Note 3.1(b).

2.10 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.11 Term deposits

Term deposits represent cash placed with banks with original maturities over three months. If collection of term deposits is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Term deposits are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Interest earned is recorded as finance income in the consolidated statements of comprehensive loss during the periods presented.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Restricted cash

Restricted cash primarily represents: (i) deposits at bank for letters of guarantee, and (ii) deposits that were pledged to banks as required for foreign exchange forward contracts. The Group can only use segregated bank accounts for those restricted cash and cash in the segregated accounts can only be used for the respective businesses as designated and therefore not available for general use by the other entities within the Group.

2.13 Cash and cash equivalents

In the consolidated statements of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Redeemable convertible preferred shares

Redeemable convertible preferred shares issued by the Company are redeemable upon occurrence of certain future events and at the option of the holders. This instrument can be converted into ordinary shares of the Company at any time at the option of the holders or automatically converted into ordinary shares upon occurrence of an initial public offering of the Company or agreed by majority of the holders as detailed in Note 28.

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

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

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

2.17 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Income tax (Continued)

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

(c) Offsetting

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Employee benefits

(a) Pension obligations and other social welfare benefits

Full-time employees of the Group in mainland China are entitled to staff welfare benefits including pension, work-related injury benefits, maternity insurances, medical insurances, unemployment benefits and housing fund plans through a PRC government-mandated defined contribution plan. Chinese labor regulation requires that the Group make contributions to the government for these benefits based on certain percentage of the employees' salaries, up to a maximum amount specified by the local government. The Group has no legal obligation for the benefits beyond the required contributions. There is no forfeited contribution that may be used by the Group to reduce the existing level of contribution.

(b) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(c) Bonus plans

The expected cost of bonuses is recognised as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for profit sharing and bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Share-based payments

As disclosed in Note 24, the Group adopted 2019 Stock Incentive Plan and 2020 Stock Incentive Plan (collectively, "**Employee Stock Ownership Plan**", or "**ESOP**"), under which it receives services from employees and directors who have contributed or will contribute to the Group as consideration for equity instruments of the Group. The fair value of the services received in exchange for the grant of the equity instruments is recognised as an expense in the consolidated statements of comprehensive loss with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

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

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

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

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Provisions (Continued)

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance costs.

2.21 Revenue recognition

Revenue is recognised when or as the control of the goods or services is transferred to a customer. Depending on the terms of the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group's performance:

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

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

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

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

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

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Revenue recognition (Continued)

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

The accounting policy for the Group's revenue sources

The Group mainly derives revenue separately or in combination from cloud-based HCM solutions and professional services.

(a) Cloud-based HCM solutions

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

Under unlimited access subscription model, customers are provided with access to one or more of the Group's SaaS solutions over the contract term. Revenue is generally recognised ratably over the contract term.

Under limited number of usage subscription model, customers first purchase certain number of Sendou (森豆) from the Group, and redeem Sendou for related SaaS solutions upon usage. Unused Sendou will be forfeited when the contract term expires. The Group concludes that the breakage of Sendou does not satisfy the constraints of variable considerations, considering that the amount is highly susceptible to external factors, and based on historical data, breakage ratios for different customers are widespread. Related revenue is recognised upon the later of Sendou consumption and expiration.

(b) Professional services

The Group provides customers with a selection of professional services, including implementation services and other value-added services associated with the cloud-based HCM solutions, as well as HR related trainings services.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Revenue recognition (Continued)

The accounting policy for the Group's revenue sources (Continued)

(b) Professional services (Continued)

Implementation services are provided to new SaaS solution subscriptions to assist customers with configuration and testing of the Group's solution. Implementation service is determined to be a separate performance obligation considering, a) customers' accesses are granted upon purchase and customers can start using the SaaS solutions immediately by following the user manual, b) implementation services do not involve the modification or writing of additional software code, but rather involves setting up the software's existing code to function in a particular way for the customers' benefits. Revenues from implementation services are recognised ratably over the service periods.

Value-added services can be purchased separately from cloud-based HCM solutions at customers' discretion. They are clearly distinct from cloud-based HCM solutions. During the years ended 31 March 2022 and 2023, revenues from value added services are primarily recognised at a point in time when the services are completed and acknowledged by customers.

Training services refer to the career planning training services provided by Beisen Shengya, a subsidiary of the Group. Training period normally lasts for 3–7 days, related revenues are recognised upon completion given the short duration of the trainings. The Group no longer offers such services after the disposal of Beisen Shengya (see Note 8).

(c) Incremental costs of obtaining customer contract

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

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Revenue recognition (Continued)

The accounting policy for the Group's revenue sources (Continued)

(d) *Practical expedients applied*

The Group expenses incremented cost to obtain a contract if the amortization period is one year or less.

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

2.22 Government grants

Government grants are recognised at their fair value where there is a reasonable assurance that the grants will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive loss over the period necessary to match them with the costs that they are intended to compensate. The Group does not have government grants relating to property, plant and equipment, and other non-current assets.

2.23 Leases

The Group leases certain offices. Lease terms are negotiated on an individual basis and contain various terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Lease payments are allocated between principal and finance cost. The finance cost is charged to finance costs over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Leases (Continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the lessee's incremental borrowing rate is used.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of less than 12 months. Low-value assets represent leased assets with value below amounts equivalent to US$5,000.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Leases (Continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful lives and the lease terms on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions related to the Covid pandemic in the same way as they would if they were not lease modifications. The Group has applied the practical expedients and the relative impacts on consolidated statements of comprehensive loss were considered not material.

2.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out under policies approved by the board of directors. The management identifies and evaluates financial risks in close co-operation with the Group's operating units.

(a) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. Foreign exchange risk is the risk of loss resulting from changes in fluctuation of foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect its consolidated financial position and consolidated statement of comprehensive loss.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Foreign exchange risk (Continued)

For the years ended 31 March 2022 and 2023, the foreign currency assets and liabilities of the Group entities are mainly PRC entities' cash and cash equivalents denominated in USD, and Beisen HK's intra-group loan receivables due from a subsidiary, Sendou Shanghai, located in mainland China which were denominated in RMB. The foreign exchange risk the Group is facing mainly comes from movements in the USD/RMB. During the year ended 31 March 2023, the Group have determined that it will not settle the intra-group loans provided by Beisen HK to Sendou Shanghai as the Group planned to use all the amounts in the PRC operation. Thus, the intra-group loans have been designated as being part of Beisen HK's net investment in the subsidiary, Sendou Shanghai, and the exchange difference amounting to approximately RMB94,833,000 that arises subsequently to the designation is recognised in other comprehensive income on consolidation. Therefore, the Group did not record any exchange gains/(losses) in relation to the intra-group loans from Beisen HK to Sendou Shanghai during the year ended 31 March 2023. During all the years presented, the Group did not have any derivative financial instrument for which hedging accounting was applied.

For the Group's subsidiaries in mainland China whose functional currency is RMB, if USD had strengthened/weakened by 5% against RMB with all other variables held constant, loss before income tax for the year would have been approximately RMB19,000 and RMB20,000 lower/higher for the years ended 31 March 2022 and 2023., as a result of net foreign exchange gains/losses on translation of net monetary assets denominated in USD, regardless of the foreign exchange forward contracts.

For the Group's subsidiary outside mainland China whose functional currency is USD, if RMB had strengthened/weakened by 5% against USD with all other variables held constant, loss before income tax for the year would have been approximately RMB59,187,000 and RMB482,000 lower/higher for the years ended 31 March 2022 and 2023, as a result of net foreign exchange gains/losses on translation of net monetary assets denominated in RMB, regardless of the foreign exchange forward contracts.

The Group entered into foreign currency forwards in relation to financial assets dominated in foreign currency that do not satisfy the requirements for hedge accounting (economic hedges). During all the years presented, the Group did not have any derivative financial instrument for which hedging accounting was applied.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk

The Group is 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 the Group's 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, the Group only transacts with stated-owned financial institutions in the PRC or reputable banks and financial institutions having high-credit-quality in the PRC, Hong Kong and the United States of America. There has been no recent history of default in relation to these financial institutions. The expected credit loss is immaterial.

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

The Group has policies in place to ensure that trade receivables with credit terms are made to counter-parties with an appropriate credit history and management performs ongoing credit evaluations of the counterparties.

For other receivables, the Group makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

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

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. On that basis, the loss allowance as at 31 March 2022 and 2023 was determined as follows for both trade receivables and contract assets:

As at 31 March 2022	0 to 6 months	7 to 12 months	1 to 2 years	Over 2 years	Total
Expected loss rate	1.61%	5.71%	18.83%	100.00%	3.46%
Gross carrying amount *(RMB'000)* – trade receivables	18,565	3,064	1,269	134	23,032
Gross carrying amount *(RMB'000)* – contract assets	2,747	–	–	–	2,747
Loss allowance *(RMB'000)*	344	175	239	134	892

As at 31 March 2023	**0 to 6 months**	**7 to 12 months**	**1 to 2 years**	**Over 2 years**	**Total**
Expected loss rate	**2.97%**	**18.98%**	**50.28%**	**100.00%**	**13.41%**
Gross carrying amount *(RMB'000)* – trade receivables	**18,582**	**3,220**	**3,902**	**666**	**26,370**
Gross carrying amount *(RMB'000)* – contract assets	**2,436**	**–**	**–**	**–**	**2,436**
Loss allowance *(RMB'000)*	**624**	**611**	**1,962**	**666**	**3,863**

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

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

The loss allowances for trade and other receivables and contract assets as at 31 March 2023 reconcile to the opening loss allowances as follows:

	Contract assets Year ended 31 March	
	2023	2022
	RMB'000	*RMB'000*
At the beginning of the year	**34**	13
Increase in loss allowance recognised in profit or loss during the year	**52**	21
At the end of the year	**86**	34

	Trade receivables Year ended 31 March	
	2023	2022
	RMB'000	*RMB'000*
At the beginning of the year	**858**	523
Increase in loss allowance recognised in profit or loss during the year	**2,919**	345
Receivables written off during the year as uncollectible	**–**	(10)
At the end of the year	**3,777**	858

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

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

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. Impairment on other receivables is measured as 12-month expected credit losses since the directors of the Company believe that there has been no significant increase in credit risk since initial recognition.

	Other receivables Year ended 31 March	
	2023	2022
	RMB'000	*RMB'000*
At the beginning of the year	**822**	164
(Reversal)/Increase in loss allowance recognised in profit or loss during the year	**(62)**	658
Write-off of loss allowance	**(565)**	–
At the end of the year	**195**	822

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 the Group. Where financial assets and contracts have been written off, the Group continue to engage in activities to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents to meet the Group's 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 the Group's financial liabilities based on contractual undiscounted cash flows:

	Less than 1 year *RMB'000*	Between 1 and 2 years *RMB'000*	Between 2 and 5 years *RMB'000*	Over 5 years *RMB'000*	Total *RMB'000*
As at 31 March 2022					
Trade payables	4,703	–	–	–	4,703
Other payables and accruals (excluding salary and welfare payable, accrual for other taxes)	10,491	–	–	–	10,491
Lease liabilities	39,736	30,711	15,568	–	86,015
	54,930	30,711	15,568	–	101,209
As at 31 March 2023					
Trade payables	**6,766**	**–**	**–**	**–**	**6,766**
Other payables and accruals (excluding salary and welfare payable, accrual for other taxes)	**31,261**	**–**	**–**	**–**	**31,261**
Lease liabilities	**35,820**	**22,444**	**335**	**–**	**58,599**
	73,847	**22,444**	**335**	**–**	**96,626**

As at 31 March 2022 and 2023, redeemable convertible preferred shares were classified as a non-current liability, because the Preferred Shareholders cannot demand the Company to redeem their preferred shares within 12 months as at 31 March 2022 and 2023.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The maximum exposure of the redemption of redeemable convertible preferred shares is the contractual redemption price, which is equal to 100% of the issue price of the respective redeemable convertible preferred shares plus interests calculated using respective interest rate during the period from the issuance of the redeemable convertible preferred shares until the date on which the redemption price is paid in full, and plus any declared but unpaid dividends if a redemption event occurs as described in Note 28. The Group recognises the redeemable convertible preferred shares at fair value through profit or loss. Accordingly, redeemable convertible preferred shares are managed on a fair value basis rather than by maturing dates.

3.2 Capital management

The Group's objectives when managing capital are to:

- safeguard the Group's ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital by regularly reviewing the capital structure. As a part of this review, the directors of the Company consider the cost of capital and the risks associated with the issued share capital. The Group may adjust the amount of dividends paid to owners, return capital to owners, issue new shares or repurchase the Company's shares. In the opinion of the directors of the Company, the Group's capital risk is low.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation

(a) Financial assets and liabilities carried at fair value

(i) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

As at 31 March 2022	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Financial assets				
Financial assets at fair value through profit or loss *(Note 18)*				
• Investment in structured deposit	–	–	1,297,642	1,297,642
• Unlisted equity investment	–	–	23,294	23,294
Total financial assets	–	–	1,320,936	1,320,936
Financial liabilities				
Redeemable convertible preferred shares *(Note 28)*	–	–	(6,610,924)	(6,610,924)
Total financial liabilities	–	–	(6,610,924)	(6,610,924)

As at 31 March 2023	**Level 1** ***RMB'000***	**Level 2** ***RMB'000***	**Level 3** ***RMB'000***	**Total** ***RMB'000***
Financial assets				
Financial assets at fair value through profit or loss *(Note 18)*				
• Investment in structured deposit	**–**	**–**	**1,015,410**	**1,015,410**
• Unlisted equity investment	**–**	**–**	**27,881**	**27,881**
Total financial assets	**–**	**–**	**1,043,291**	**1,043,291**
Financial liabilities				
Redeemable convertible preferred shares *(Note 28)*	**–**	**–**	**(9,408,379)**	**(9,408,379)**
Total financial liabilities	**–**	**–**	**(9,408,379)**	**(9,408,379)**

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(a) Financial assets and liabilities carried at fair value (Continued)

(i) Fair value hierarchy (Continued)

- Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at each of the reporting dates. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(a) Financial assets and liabilities carried at fair value (Continued)

(ii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 instruments for the years ended 31 March 2022 and 2023.

	Financial assets at fair value through profit or loss		
	Investment in structured deposits *RMB'000*	**Investment in wealth management products** *RMB'000*	**Unlisted equity investment** *RMB'000*
Opening balance at 1 April 2021	122,280	3,013	15,314
Additions	2,253,000	–	1,513
Settlements	(1,088,533)	(3,130)	–
Gains recognised in profit or loss	10,895	117	6,467
Closing balance at 31 March 2022	1,297,642	–	23,294
Opening balance at 1 April 2022	**1,297,642**	**–**	**23,294**
Additions	**3,225,000**	**–**	**–**
Settlements/Disposal	**(3,541,659)**	**–**	**(1,520)**
Gains recognised in profit or loss	**34,427**	**–**	**6,107**
Closing balance at 31 March 2023	**1,015,410**	**–**	**27,881**

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(a) Financial assets and liabilities carried at fair value (Continued)

(ii) Fair value measurements using significant unobservable inputs (level 3) (Continued)

	Financial liabilities at fair value through profit or loss Redeemable convertible preferred shares *RMB'000*
Opening balance at 1 April 2021	3,558,177
Issuance of redeemable convertible preferred shares	1,700,951
Repurchase of redeemable convertible preferred shares	(92,853)
Changes in fair value through profit or loss	1,638,199
Changes in fair value through other comprehensive income	(7,365)
Foreign exchange adjustments	(186,185)
Closing balance at 31 March 2022	6,610,924
Opening balance at 1 April 2022	**6,610,924**
Changes in fair value through profit or loss	**2,241,362**
Changes in fair value through other comprehensive income	**2,110**
Foreign exchange adjustments	**553,983**
Closing balance at 31 March 2023	**9,408,379**

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(a) Financial assets and liabilities carried at fair value (Continued)

(iii) Valuation techniques and significant inputs used to determine fair values and valuation process

The valuation technique used to value foreign currency forwards in level 2 is the present value of future cash flows based on the forward exchange rates at the balance sheet dates.

The Group has a team that manages the valuation exercise of level 3 instruments for financial reporting purposes. The team manages the valuation exercise of the financial instruments on a case-by-case basis. At least once every year, the team would use valuation techniques to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.

The valuation of the level 3 instruments mainly included redeemable convertible preferred shares (Note 28), investment in structured deposits (Note 18), investment in wealth management products (Note 18) and unlisted equity investment (Note 18). As these instruments are not traded in an active market, their fair values have been determined by using various applicable valuation techniques, including discounted cash flow model and market approach etc.

If the fair values of the financial assets at fair value through profit or loss held by the Group had been 10% higher/lower, loss before income tax for the years ended 31 March 2022 and 2023 would have been approximately RMB132,094,000 and RMB104,329,000 lower/higher.

The following table presents the (higher)/lower of the loss before income tax for the years ended 31 March 2023, if the Company's equity value had increased/ decreased by 10% which leads to the fair value changes of preferred shares:

	Year ended 31 March	
	2023	2022
	RMB'000	*RMB'000*
% changes of the Company's equity value		
Increased by 10%	**(929,575)**	(983,584)
Decreased by 10%	**929,059**	982,552

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(a) Financial assets and liabilities carried at fair value (Continued)

(iii) Valuation techniques and significant inputs used to determine fair values and valuation process (Continued)

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Fair value As at 31 March		Significant unobservable inputs	Range of inputs As at 31 March		Relationship of unobservable inputs to fair value
	2023 **RMB'000**	2022 RMB'000		**2023**	2022	
Financial assets at fair value through profit or loss						
– Investment in structured deposit	**1,015,410**	1,297,642	Expected rate of return	**1.3%~3.5%**	1.3%~3.7%	The higher the expected rate of return, the higher the fair value
– Unlisted equity investment	**27,881**	23,294	Expected Volatility	**49.4%**	43.7%~76.6%	The higher the expected volatility, the higher the fair value
			Business enterprise value/sales multiple	**8.7**	0.2~10.0	The higher the multiple, the higher the fair value
			Business enterprise value/EBIT multiple	**41.5**	NA	The higher the multiple, the higher the fair value
			Discount for lack of marketability ("DLOM")	**20%**	20.0%~29.0%	The higher the lack of liquidity discount rate, the lower the fair value

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(a) Financial assets and liabilities carried at fair value (Continued)

(iii) Valuation techniques and significant inputs used to determine fair values and valuation process (Continued)

Financial liabilities at fair value through profit or loss						
	Fair value			Range of inputs		
Description	**As at 31 March**		**Significant unobservable inputs**	**As at 31 March**		**Relationship of unobservable inputs to fair value**
	2023 ***RMB'000***	2022 *RMB'000*		**2023**	2022	
– Redeemable convertible preferred shares	(9,408,379)	(6,610,924)	Discount rate	15.0%	16.5%	The higher the discount rate, the lower the fair value
			Risk-free interest rate	4.6%	2.3%	The higher the risk-free rate, the lower the fair value
			DLOM	1.5%	4.0%	The higher the DLOM, the lower the fair value
			Volatility	45.9%	42.9%	The higher the expected volatility, the higher the fair value

(b) Financial instruments carried at other than fair value

The carrying amounts of the Group's financial assets including cash and cash equivalents, restricted cash, term deposits, trade receivables and other receivables and the Group's financial liabilities, including trade payables, other payables and accruals approximate to their fair values due to their short maturities.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

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

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

(a) Fair value of financial assets

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

(b) Fair value of redeemable convertible preferred shares

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

Details of the valuation models, key assumptions and inputs are disclosed in Note 28.

(c) Recognition of share-based payments expenses

As mentioned in Note 24, the Group has granted share options to its employees. Management have used the Binomial option-pricing model to determine the total fair value of the options granted to employees, which is to be expensed over the vesting period. Significant estimate on assumptions, such as the underlying equity value, risk-free interest rate, expected volatility and dividend yield, is required to be made by management in applying the Binomial option-pricing model.

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(d) Allocation of selling price of each distinct performance obligation

As disclosed in Note 2.21, contracts with customers may include multiple performance obligations. When the performance obligations are assessed to be distinct, the Group allocates revenue to each performance obligation based on their relative standalone selling prices. The Group generally determines relative standalone selling prices based on its standard price list, taking into consideration of market conditions and the Group's overall pricing strategy.

(e) Current and deferred income taxes

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

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

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

5 SEGMENT INFORMATION

The Group's business activities are mainly in providing cloud-based HCM solutions and related professional services, for which discrete financial information is available, are regularly reviewed and evaluated by the CODM (Note 2.4). 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 2022 and 2023 were generated in the PRC.

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

6 REVENUES FROM CONTRACTS WITH CUSTOMERS

(a) Disaggregation of revenue from contracts with customers

Revenue for all the years presented are as follows:

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

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

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

6 REVENUES FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

(b) Contract assets

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

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

(c) Contract acquisition costs

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

Contract acquisition costs for initial contracts are amortised on a straight-line basis over a period of benefits that the Group estimated to be three to four years, while for the renewal contracts, contract acquisition costs are 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	
	2023	2022
	RMB'000	*RMB'000*
Total contract acquisition costs	**52,128**	41,159
Less: amounts to be amortised within one year	**(20,913)**	(22,064)
Contract acquisition costs–non-current	**31,215**	19,095

6 REVENUES FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

(c) Contract acquisition costs (Continued)

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

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

(d) Contract liabilities

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

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

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

6 REVENUES FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

(e) Transaction price allocated to remaining performance obligations

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

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

7 OTHER INCOME

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

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

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

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

8 OTHER GAINS, NET

	Year ended 31 March	
	2023	2022
	RMB'000	*RMB'000*
Net fair value gains on financial assets at fair value through profit or loss *(Note 18)*	**40,534**	17,479
Fair value gains on foreign exchange forward contracts	**–**	20,341
Gains on disposal of subsidiaries (a)	**–**	11,875
Net losses on disposal of property, plant and equipment	**(119)**	(187)
Net foreign exchange (losses)/gains	**(623)**	23,863
Others	**(2,055)**	(377)
	37,737	72,994

(a) Disposal of subsidiaries

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

The Group derecognised the assets and liabilities of Beisen Shengya from its consolidated statements of financial position since the date it lost control over Beisen Shengya. And the Group designated the remaining 16% equity interests of Beisen Shengya as financial assets at fair value through profit or loss as stated in Note 18.

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

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

9 EXPENSES BY NATURE

	Year ended 31 March	
	2023	2022
	RMB'000	*RMB'000*
Employee benefit expenses *(Note 10)*	**940,074**	790,089
Listing expenses	**39,932**	19,707
Depreciation of right-of-use assets *(Note 16)*	**38,432**	37,705
Technical service fees	**37,696**	26,655
Marketing expenses	**24,996**	25,318
Depreciation & amortization expenses *(Notes 14&15)*	**23,913**	13,374
Traveling expenses	**20,838**	21,730
Entertainment expenses	**12,650**	10,465
Short-term rental and utilities expenses	**10,398**	6,797
Office expenses	**9,855**	13,746
Tax surcharges	**9,234**	8,411
Professional fees	**8,178**	27,511
Auditors' remuneration		
– Audit services	**2,500**	–
– Non-audit services	**488**	1,674
Recruitment expenses	**921**	1,627
Conference fees	**770**	3,492
Training service costs	**242**	2,973
Share-based payments–non-ESOP *(Note 24)*	**–**	53,348
Others	**10,142**	10,467
	1,191,259	1,075,089

10 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 March	
	2023	2022
	RMB'000	*RMB'000*
Wages, salaries and bonuses	**705,202**	608,952
Pension cost-defined contribution plans	**59,271**	37,163
Share-based payments–ESOP *(Note 24)*	**57,075**	53,635
Housing benefits	**49,698**	39,065
Other social security costs	**36,163**	24,250
Other employee welfare	**32,665**	27,024
	940,074	790,089

10 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(i) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for each of the years ended 31 March 2022 and 2023, include 2 and 2 directors whose emoluments are reflected in the analysis shown in Note 33. The emoluments paid to the remaining 3 and 3 individuals for each of the years ended 31 March 2022 and 2023 are as follows:

	Year ended 31 March	
	2023	2022
	RMB'000	*RMB'000*
Share-based payment expenses	**5,208**	4,219
Wages and salaries	**3,892**	3,383
Discretionary bonuses	**2,351**	4,476
Pension cost-defined contribution plans	**183**	119
Other social security costs	**122**	81
Housing benefits	**117**	114
Total	**11,873**	12,392

(ii) The emoluments fell within the following bands:

	Year ended 31 March	
	2023	2022
HK$3,500,001 to HK$4,000,000 (equivalent to approximately RMB3,063,936 to RMB3,501,640)	**1**	2
HK$4,000,001 to HK$4,500,000 (equivalent to approximately RMB3,501,641 to RMB3,939,345)	**1**	–
HK$5,000,001 to HK$5,500,000 (equivalent to approximately RMB4,377,051 to RMB4,814,755)	**1**	–
HK$6,000,001 to HK$6,500,000 (equivalent to approximately RMB5,252,461 to RMB5,690,165)	**–**	1
	3	3

11 FINANCE INCOME, NET

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

12 INCOME TAX CREDIT

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

	Year ended 31 March	
	2023	2022
	RMB'000	*RMB'000*
Current income tax	**43**	22
Deferred income tax *(Note 25)*	**(5,954)**	(12,829)
Income tax credit	**(5,911)**	(12,807)

12 INCOME TAX CREDIT (CONTINUED)

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the tax rate of 25%, being the tax rate applicable to the major consolidated entities as follows:

	Year ended 31 March	
	2023	2022
	RMB'000	*RMB'000*
Loss before income tax	**2,604,903**	1,921,579
Taxation calculated at the statutory tax rate of 25% in mainland China	**(651,226)**	(480,395)
Tax effects of:		
Effect of preferential tax rates	**36,707**	24,395
Effects of different tax rates in overseas jurisdictions	**569,554**	422,549
Expenses not deductible for tax purpose	**10,973**	10,068
Research and development expenses super-deduction	**(35,356)**	(24,572)
Utilization of previously unrecognised deductible temporary differences	**(6,528)**	(10,436)
Deductible temporary differences for which no deferred tax asset was recognised	**7,230**	7,684
Tax losses for which no deferred tax asset was recognised	**62,974**	40,218
Income not subject to tax	**(239)**	(2,318)
	(5,911)	(12,807)

(a) Cayman Islands

The Company is incorporated under the law of the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands and is not subject to Cayman Islands income tax. As such, the operating results reported by the Company, including the fair value change of redeemable convertible preferred shares (Note 28), 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.

12 INCOME TAX CREDIT (CONTINUED)

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

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

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

13 LOSS PER SHARE

(a) Basic

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

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

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

14 PROPERTY, PLANT AND EQUIPMENT

	Electronic equipment RMB'000	Furniture and office equipment RMB'000	Leasehold improvement RMB'000	Total RMB'000
Year ended 31 March 2022				
Opening net book amount	12,800	2,182	786	15,768
Additions	20,807	695	11,328	32,830
Disposals	(214)	(60)	–	(274)
Disposal of subsidiaries *(Note 8)*	(35)	(227)	–	(262)
Depreciation charge	(9,467)	(777)	(3,028)	(13,272)
Closing net book amount	23,891	1,813	9,086	34,790
As at 31 March 2022				
Cost	54,936	4,804	30,050	89,790
Accumulated depreciation	(31,045)	(2,991)	(20,964)	(55,000)
Net book amount	23,891	1,813	9,086	34,790
Year ended 31 March 2023				
Opening net book amount	**23,891**	**1,813**	**9,086**	**34,790**
Additions	**25,070**	**237**	**14,118**	**39,425**
Disposals	**(144)**	**(57)**	**–**	**(201)**
Depreciation charge	**(14,316)**	**(741)**	**(8,764)**	**(23,821)**
Closing net book amount	**34,501**	**1,252**	**14,440**	**50,193**
As at 31 March 2023				
Cost	**78,342**	**4,881**	**42,269**	**125,492**
Accumulated depreciation	**(43,841)**	**(3,629)**	**(27,829)**	**(75,299)**
Net book amount	**34,501**	**1,252**	**14,440**	**50,193**

Depreciation of the Group's property, plant and equipment has been recognised as follows:

	Year ended 31 March	
	2023 **RMB'000**	2022 RMB'000
Cost of revenues	**16,450**	9,381
Research and development expenses	**3,431**	1,623
Selling and marketing expenses	**2,916**	993
General and administrative expenses	**1,024**	1,275
	23,821	13,272

15 INTANGIBLE ASSETS

	Software *RMB'000*	Others *RMB'000*	Total *RMB'000*
Year ended 31 March 2022			
Opening net book amount	517	47	564
Additions	7	–	7
Disposals	(5)	–	(5)
Amortization charge	(99)	(3)	(102)
Disposal of subsidiaries *(Note 8)*	(9)	(44)	(53)
Closing net book amount	411	–	411
As at 31 March 2022			
Cost	1,978	–	1,978
Accumulated amortization	(1,567)	–	(1,567)
Net book amount	411	–	411
Year ended 31 March 2023	**411**	**–**	**411**
Opening net book amount	**274**	**–**	**274**
Disposals	**(1)**	**–**	**(1)**
Amortization charge	**(92)**	**–**	**(92)**
Closing net book amount	**592**	**–**	**592**
As at 31 March 2023			
Cost	**2,252**	**–**	**2,252**
Accumulated amortization	**(1,660)**	**–**	**(1,660)**
Net book amount	**592**	**–**	**592**

Amortization of the Group's intangible assets was recognised as follows:

	Year ended 31 March	
	2023 ***RMB'000***	2022 *RMB'000*
General and administrative expenses	**47**	64
Selling and marketing expenses	**27**	28
Cost of revenues	**18**	10
	92	102

16 LEASES

(a) Amounts recognised in the consolidated statements of financial position

The consolidated statements of financial position show the following amounts relating to leases:

	As at 31 March	
	2023	2022
	RMB'000	*RMB'000*
Right-of-use assets		
– Office	**56,814**	78,440
Lease liabilities		
– Current	**33,897**	37,128
– Non-current	**22,312**	39,399
	56,209	76,527

(i) The movement in right-of-use assets in the consolidated statements of financial position are as follows:

	Year ended 31 March	
	2023	2022
	RMB'000	*RMB'000*
Cost		
At beginning of the year	**144,010**	81,335
Additions	**27,347**	92,303
Modification	**(36)**	–
Maturity of lease term	**(32,422)**	(25,380)
Early termination of lease	**(21,874)**	(4,248)
At the end of the year	**117,025**	144,010
Accumulated depreciation		
At beginning of the year	**(65,570)**	(54,733)
Depreciation charge for the year	**(38,432)**	(37,705)
Maturity of lease term	**32,422**	25,380
Early termination of lease	**11,369**	1,488
At the end of the year	**(60,211)**	(65,570)
Net book amount		
At the end of the year	**56,814**	78,440

16 LEASES (CONTINUED)

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

The consolidated statements of comprehensive loss show the following amounts relating to leases:

	Year ended 31 March	
	2023	2022
	RMB'000	*RMB'000*
Depreciation charge of right-of-use assets		
– Office	**38,432**	37,705
Interest expense (included in finance costs) *(Note 11)*	**3,072**	2,628
Expense relating to short-term leases (included in short-term rental and utilities expenses)	**10,398**	6,797

The total cash outflow for leases for the years ended 31 March 2022 and 2023 were approximately RMB41,566,000 and RMB40,811,000, respectively.

17 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 March	
	2023	2022
	RMB'000	*RMB'000*
Financial assets		
Financial assets at amortised cost:		
–Trade receivables *(Note 19)*	**22,593**	22,174
–Other receivables	**14,465**	21,315
–Cash and cash equivalents *(Note 21)*	**408,709**	288,706
–Term deposits *(Note 21)*	**186,818**	190,446
–Restricted cash *(Note 21)*	**1,205**	1,210
Financial assets at fair value through profit or loss	**1,043,291**	1,320,936
	1,677,081	1,844,787

17 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	As at 31 March	
	2023	2022
	RMB'000	*RMB'000*
Financial liabilities		
Financial liabilities at amortised cost:		
– Trade payables *(Note 26)*	**6,766**	4,703
– Other payables and accruals (excluding salary and welfare payable, accrual for other taxes)	**31,261**	10,491
Lease liabilities	**56,209**	76,527
Financial liabilities at fair value through profit or loss:		
– Redeemable convertible preferred shares *(Note 28)*	**9,408,379**	6,610,924
	9,502,615	6,702,645

18 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	
	2023	2022
	RMB'000	*RMB'000*
Current assets		
– Structured deposit	**1,015,410**	1,297,642
Non-current assets		
– Unlisted equity investment	**27,881**	23,294
	1,043,291	1,320,936

(b) Amounts recognised in consolidated statements of comprehensive loss

During the years ended 31 March 2022 and 2023, the following gains were recognised in consolidated statements of comprehensive loss:

	Year ended 31 March	
	2023	2022
	RMB'000	*RMB'000*
Fair value gains of financial assets at fair value through profit or loss recognised in other gains	**40,534**	17,479

19 TRADE RECEIVABLES

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

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

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

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

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

20 OTHER RECEIVABLES AND PREPAYMENTS

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

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

21 CASH AND CASH EQUIVALENTS

	As at 31 March	
	2023	2022
	RMB'000	*RMB'000*
Cash at bank and in hand *(a)*	**596,732**	480,362
Less: Term deposits	**(186,818)**	(190,446)
Restricted cash *(b)*	**(1,205)**	(1,210)
Cash and cash equivalents	**408,709**	288,706

21 CASH AND CASH EQUIVALENTS (CONTINUED)

(a) As at 31 March 2022 and 2023, cash at bank and in hand of the Group were denominated in the following currencies:

	As at 31 March	
	2023	2022
	RMB'000	*RMB'000*
RMB	**357,735**	227,122
USD	**191,308**	253,240
HKD	**47,689**	–
	596,732	480,362

(b) Cash that is restricted as to withdrawal for use or pledged as security is reported separately on the face of the consolidated statements of financial position and is not included in the total cash and cash equivalents in the consolidated statements of cash flows:

	As at 31 March	
	2023	2022
	RMB'000	*RMB'000*
Guarantee deposits	**1,205**	1,210

As at 31 March 2022 and 2023， the carrying amounts of the restricted cash are denominated in RMB.

22 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Nominal value of ordinary shares *(With par value of US$0.0001 each)* *USD'000*
Authorised:		
As at 1 April 2021	462,795,209	46
Reclassification from ordinary shares to redeemable convertible preferred shares	(10,670,694)	(1)
As at 31 March 2022	452,124,515	45
As at 31 March 2023	**452,124,515**	**45**

	Number of ordinary shares	Nominal value of ordinary shares *USD'000*	Equivalent Nominal value of ordinary shares *RMB'000*	Share premium *RMB'000*
Issued:				
As at 1 April 2021	21,675,648	2	15	642,911
Shares repurchase by the Company	(301,606)	–	–	(19,847)
As at 31 March 2022	21,374,042	2	15	623,064
As at 31 March 2023	**21,374,042**	**2**	**15**	**623,064**

(i) During the year ended 31 March 2022, the Company repurchased 301,606 Ordinary Shares from three Ordinary Shareholders at a consideration of US$5,315,000, whereby the difference between the transaction price and par value of Ordinary Shares was recorded as: i) the difference between the transaction price and the fair value of Ordinary Shares as at the date of the transaction, amounting to RMB15,459,000, was recorded as share-based payments (Note 24), and ii) the difference between the fair value of Ordinary Shares and their par value, amounting to RMB19,847,000 was recorded as reduction of share premium.

23 RESERVES

	Capital Reserve *RMB'000*	Share-based payment expenses *RMB'000*	Currency translation differences *RMB'000*	Changes in the fair value attributable to credit risk change *RMB'000*	Total *RMB'000*
As at 1 April 2021	(1,180,217)	209,181	121,672	(29,289)	(878,653)
Share transfer from non-controlling shareholder to existing shareholder	(5)	–	–	–	(5)
Share-based payments *(Note 24)*	–	53,635	–	–	53,635
Fair value changes on redeemable convertible preferred shares due to own credit risk	–	–	–	7,365	7,365
Currency translation differences	–	–	130,551	–	130,551
As at 31 March 2022	(1,180,222)	262,816	252,223	(21,924)	(687,107)
As at 1 April 2022	**(1,180,222)**	**262,816**	**252,223**	**(21,924)**	**(687,107)**
Share-based payments *(Note 24)*	**–**	**57,075**	**–**	**–**	**57,075**
Fair value changes on redeemable convertible preferred shares due to own credit risk	**–**	**–**	**–**	**(2,110)**	**(2,110)**
Currency translation differences	**–**	**–**	**(532,252)**	**–**	**(532,252)**
As at 31 March 2023	**(1,180,222)**	**319,891**	**(280,029)**	**(24,034)**	**(1,164,394)**

24 SHARE-BASED PAYMENTS

Total expenses arising from share-based payment transactions recognised during all the years presented were as follows:

	Year ended 31 March	
	2023	2022
	RMB'000	*RMB'000*
Share-based payments – ESOP (a)	**57,075**	53,635
Share-based payments – non-ESOP		
Expenses arising from shares repurchases (b)	**–**	53,348
	57,075	106,983

(a) Share-based payments – ESOP

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

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

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

In the year ended 31 March 2023, the Company has extended its estimated date of a successful IPO and adjusted the cumulative expenses accordingly in the current period, resulting in a reversal of expenses that have previously been charged.

24 SHARE-BASED PAYMENTS (CONTINUED)

(a) Share-based payments – ESOP (Continued)

In September 2021, the Company modified 2,658,086 share options granted upon ESOP with the grantees to reduce the number of options to 2,376,179 and exercise prices at the same time, and the modified share options were exercised early upon initial listing of the Company's shares. The resulting ordinary shares will be transferred to trusts with the original option grantees as beneficiaries. The trusts will distribute the ordinary shares to those beneficiaries in installments based on the vesting requirements under the original option agreements. Although these trust arrangements caused a modification of the terms of these share options (the "**Modification**"), there's no incremental fair value related to these ordinary shares resulted from the modification, and the remaining share-based payments expense for these ordinary shares continued to be recognised over the original remaining vesting period. Given that these options are still subject to the original service and IPO vesting condition, they are not considered exercised from accounting perspective.

On 31 December 2021, the Company adopted a restricted share unit plan (the "**RSU Plan**"), under which, the maximum number of shares that may be issued under the RSU Plan is 6% of the issued share capital of the Company as of the date of approval of the RSU Plan. The plan became effective on 1 January 2023.

On 1 March 2023, the Company granted 3,414,515 share options to employees pursuant to the Pre-IPO Share Option Plan with exercise price of US$0.0001 per share.

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

	Year ended 31 March			
	2023		2022	
	Average exercise price per share option *USD*	**Number of options** *'000*	Average exercise price per share option *USD*	Number of options *'000*
At beginning of the year	**1.96**	**4,322**	1.27	3,780
Granted during the year	**0.51**	**3,698**	4.80	940
Exercised during the year	**–**	**–**	–	–
Effect of the Modification	**–**	**–**	1.65	(282)
Forfeited during the year	**3.54**	**(232)**	3.44	(116)
At end of the year	**1.23**	**7,788**	1.96	4,322

24 SHARE-BASED PAYMENTS (CONTINUED)

(a) Share-based payments – ESOP (Continued)

Share options outstanding at the end of the year have the following expiry date and exercise prices:

			Number of share options	
Grant date	**Expiry date**	**Exercise price *(USD)***	**31 March 2023**	31 March 2022
1 October 2019	5 years	0.11-1.92	**3,333**	3,396
1 January 2020	5 years	1.92	**15**	15
1 April 2020	5 years	1.92	**204**	232
1 July 2020	5 years	1.92	**6**	6
1 October 2020	5 years	1.92	**35**	42
1 January 2021	5 years	1.92	**40**	40
1 April 2021	5 years	4.87	**410**	506
12 July 2021	5 years	4.87	**11**	11
19 August 2021	5 years	4.87	**2**	2
2 September 2021	5 years	4.87	**11**	17
13 October 2021	5 years	4.87	**8**	9
21 October 2021	5 years	4.87	**4**	4
11 November 2021	5 years	4.87	**2**	2
16 December 2021	5 years	4.87	**3**	3
30 December 2021	5 years	0.0001	**14**	14
29 January 2022	5 years	4.87	**8**	8
14 February 2022	5 years	4.87	**13**	13
14 March 2022	5 years	4.87	**2**	2
1 April 2022	5 years	4.87	**330**	–
18 April 2022	5 years	4.87	**7**	–
13 June 2022	5 years	4.87	**4**	–
11 August 2022	5 years	4.87	**12**	–
7 November 2022	5 years	4.87	**6**	–
1 March 2023	5 years	0.0001	**3,308**	–
Total			**7,788**	4,322

24 SHARE-BASED PAYMENTS (CONTINUED)

(a) Share-based payments – ESOP (Continued)

Fair value of share options

Management have used the discounted cash flow method to determine the underlying equity fair value of the Company and adopted equity allocation model to determine the fair value of the underlying ordinary share. Key assumptions, such as discount rate and projections of future performance, are required to be determined by management with best estimate.

Based on fair value of the underlying ordinary share, management have used Binomial option-pricing model to determine the fair value of the share option as at the grant date. Key assumptions are set as below:

	Year ended 31 March	
	2023	2022
Contractual terms (in years)	**5**	5
Risk-free interest rate	**2.6%–4.4%**	0.8%–2.1%
Expected volatility	**41.1%–44.1%**	40.6%–43.5%
Exercise multiple	**2.2**	2.2
Expected dividend yield	**–**	–
Post-vesting forfeiture rate	**3.0%**	3.0%

(b) Share-based payment expenses arising from share repurchases

Concurrently with issuance of Series F Preferred Shares, the Company repurchased an aggregate of 900,400 Series D Preferred Shares and 240,642 Ordinary Shares from certain shareholders, with the difference between the transaction price and the fair value of respective Ordinary Shares and Preferred Shares, RMB53,348,000 as share-based payment (Note 28).

25 DEFERRED INCOME TAX ASSETS AND LIABILITIES

	As at 31 March	
	2023	2022
	RMB'000	*RMB'000*
Deferred income tax assets:		
– to be recovered after more than 12 months	**19,340**	15,588
– to be recovered within 12 months	**14,766**	8,228
	34,106	23,816
Deferred income tax liabilities:		
– to be recovered after more than 12 months	**(9,907)**	(5,406)
– to be recovered within 12 months	**(5,057)**	(5,222)
	(14,964)	(10,628)
	19,142	13,188

The net balances of deferred tax assets after offsetting are as follows:

	As at 31 March	
	2023	2022
	RMB'000	*RMB'000*
Deferred tax assets, net	**19,142**	13,188

The net movement on the deferred income tax account is as follows:

	Year ended 31 March	
	2023	2022
	RMB'000	*RMB'000*
At beginning of the year	**13,188**	372
Disposal of subsidiary	**–**	(13)
Credited to profit or loss *(Note 12)*	**5,954**	12,829
At end of the year	**19,142**	13,188

25 DEFERRED INCOME TAX ASSETS AND LIABILITIES (CONTINUED)

The movements in deferred income tax assets are as follows:

	Long-term deferred expenses RMB'000	Advertising costs RMB'000	Allowance for doubtful accounts RMB'000	Tax losses RMB'000	Lease liability RMB'000	Total RMB'000
As at 1 April 2021	103	–	35	8,112	16	8,266
Disposal of subsidiaries	(46)	–	(10)	(386)	–	(442)
(Charged)/credited to profit or loss	(57)	–	(25)	16,090	(16)	15,992
As at 31 March 2022	–	–	–	23,816	–	23,816
As at 1 April 2022	**–**	**–**	**–**	**23,816**	**–**	**23,816**
Credited to profit or loss	**–**	**–**	**245**	**10,045**	**–**	**10,290**
As at 31 March 2023	**–**	**–**	**245**	**33,861**	**–**	**34,106**

The movements in deferred income tax liabilities are as follows:

	Change in fair value gain or loss RMB'000	Contract acquisition costs RMB'000	Allowance for doubtful accounts RMB'000	Total RMB'000
As at 1 April 2021	(1,664)	(6,209)	(21)	(7,894)
Disposal of subsidiaries	88	320	21	429
Charged to profit or loss	(1,737)	(1,426)	–	(3,163)
As at 31 March 2022	(3,313)	(7,315)	–	(10,628)
As at 1 April 2022	**(3,313)**	**(7,315)**	**–**	**(10,628)**
Charged to profit or loss	**(1,967)**	**(2,369)**	**–**	**(4,336)**
As at 31 March 2023	**(5,280)**	**(9,684)**	**–**	**(14,964)**

25 DEFERRED INCOME TAX ASSETS AND LIABILITIES (CONTINUED)

The Group and its subsidiaries have applied the tax consolidation legislation, which means that these entities are taxed as a single entity. As a consequence, the deferred tax assets and deferred tax liabilities of these entities have been offset in the consolidated financial statements.

	Deferred tax assets *RMB'000*	Deferred tax liabilities *RMB'000*	Total *RMB'000*
As at 1 April 2021	8,266	(7,894)	372
Disposal of subsidiaries	(442)	429	(13)
Credited/(charged) to profit or loss	15,992	(3,163)	12,829
As at 31 March 2022	23,816	(10,628)	13,188
As at 1 April 2022	**23,816**	**(10,628)**	**13,188**
Credited/(charged) to profit or loss	**10,290**	**(4,336)**	**5,954**
As at 31 March 2023	**34,106**	**(14,964)**	**19,142**

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realization of the related tax benefits through the future taxable profits is probable. Management will continue to assess the recognition of deferred income tax assets in future reporting periods.

As at 31 March 2022 and 2023, the Group did not recognise deferred income tax assets of RMB235,373,000 and RMB257,161,000 respectively in respect of losses amounting to RMB1,363,864,000 and RMB1,626,323,000 that can be carried forward against future taxable income, respectively. The expiry calendar years of the related tax losses are as follow:

	As at 31 March	
	2023 ***RMB'000***	2022 *RMB'000*
2022	**–**	129,291
2023	**–**	–
2024	**126,864**	178,622
2025	**–**	–
2026	**17**	17
2027	**61,316**	–
2028	**278,186**	94,138
2029	**74,349**	214,000
2030	**304,297**	365,079
2031	**214,431**	382,717
2032	**501,758**	–
	1,561,218	1,363,864

26 TRADE PAYABLES

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

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

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

27 OTHER PAYABLES AND ACCRUALS

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

28 REDEEMABLE CONVERTIBLE PREFERRED SHARES

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

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

B. Issuance of Series F Redeemable Convertible Preferred Shares

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

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

Concurrently with the issuance of Series F Preferred Shares, 412,000, 366,300 and 122,100 Series D Preferred Shares were repurchased by the Company from three Series D Preferred Shareholders respectively, and 100,642 and 140,000 Ordinary Shares were repurchased by the Company from two Ordinary Shareholders respectively at a consideration of US$21.9 per share. The Company derecognised the carrying amount of relevant Series D Preferred Shares, whereby the difference between the consideration and the fair value of the redeemable convertible preferred shares, for RMB37,889,000, is recognised as share-based payment expenses. For details about the repurchase of Ordinary Shares, please refer to Note 24.

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

28 REDEEMABLE CONVERTIBLE PREFERRED SHARES (CONTINUED)

C. Share Repurchase Concurrently with Issuance of Series F Redeemable Convertible Preferred Shares (Continued)

The key terms of the Preferred Shares upon issuance of Series F Preferred Shares are summarised as follows:

(a) Dividends rights

Prior and in preference to any declaration or payment of any dividend on the Ordinary Shares, each holder of the Preferred Shares shall be entitled to receive dividends, out of any funds legally available therefor, the pro rata portion of the dividend to be distributed in proportion to the shareholding percentage of such holder in respect of Preferred Shares held by it (calculated on a fully-diluted and as-converted basis) in all the then outstanding Shares of the Company. Such dividends shall be payable and accrue when, as and if declared by the Board and shall be cumulative.

No dividends shall be declared or paid on any Ordinary Shares during any previous or current fiscal year of the Company until all accrued dividends shall have been paid or declared and set apart during that fiscal year and unless and until a dividend in like amount as is declared or paid on such Junior Share has been declared or paid on each outstanding Preferred Shares (on an as-converted to Ordinary Share basis).

(b) Conversion of Preferred Shares

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

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

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

28 REDEEMABLE CONVERTIBLE PREFERRED SHARES (CONTINUED)

C. Share Repurchase Concurrently with Issuance of Series F Redeemable Convertible Preferred Shares (Continued)

(c) Redemption feature

In the event (i) the Company fails to consummate a Qualified IPO prior to the 3rd anniversary of the issuance of Series F Preferred Shares, (ii) any of the Group Companies or Wang Zhaohui and Ji Weiguo (collectively, the "**Co-founders**") commit any material crime or material breach of laws in each case of which has a material adverse effect of the Qualified IPO, (iii) the Co-founders taken as a whole cease to Control the Group Companies which has a material adverse effect the Qualified IPO, (iv) there is a material breach by any Group Company, the Co-founders or the Founder Holdcos of any of its respective warranties, covenants and undertakings set forth in the Transaction Documents prior to the Qualified IPO, and such breach is not effectively cured within thirty (30) business days upon receipt of written notice from any Preferred Shareholder, or (v) any holder of any Preferred Shares has validly requested the Company to redeem its Preferred Shares in accordance with the foregoing (i) to (iv), each Preferred Shares shall be redeemable at the option of each holder of the Preferred Shares, out of funds legally available therefor, at redemption price equal to:

For each Series F Preferred Share, (x) one hundred percent (100%) of the Series F Original Issue Price, plus (y) an amount accruing thereon daily at a simple rate of eight percent (8%) per annum of the Series F Original Issue Price, beginning on the date of issuance of such Series F Preferred Shares, plus (z) any declared but unpaid dividends.

For each Series E Preferred Share, (x) 100% of the Series E Original Issue Price, plus (y) an amount accruing thereon daily at a simple rate of 8% per annum of the Series E Original Issue Price, beginning on the date of issuance of such Series E Preferred Shares, plus (z) any declared but unpaid dividends.

For each Series D Preferred Share, (x) 100% of the Series D Original Issue Price, plus (y) an amount accruing thereon daily at a compound rate of 10% per annum of the Series D Original Issue Price, beginning on the date: with respect to Series D Preferred Shares held by Shanghai Chuangji Investment Center L.P. (上海創稷投資中心(有限合夥)), of 15 June 2017; with respect to Series D Preferred Shares held by Beis Investment (BVI) Ltd, of 16 June 2017; with respect to Series D Preferred Shares held by Zhide One Investment Co. Limited, of 20 January 2016; with respect to Series D Preferred Shares held by Genesis Capital I LP, of 24 May 2018, plus (z) any declared but unpaid dividends.

For each Series C Preferred Share, (x) 100% of the Series C Original Issue Price, plus (y) an amount accruing thereon daily at a compound rate of 10% per annum of the Series C Original Issue Price, beginning on 8 July 2015, plus (z) any declared but unpaid dividends.

28 REDEEMABLE CONVERTIBLE PREFERRED SHARES (CONTINUED)

C. Share Repurchase Concurrently with Issuance of Series F Redeemable Convertible Preferred Shares (Continued)

(c) Redemption feature (Continued)

For each Series B-1 Preferred Share, (x) 100% of the Series B-1 Original Issue Price, plus (y) an amount accruing thereon at a simple interest rate of 10% per annum of the Series B-1 Original Issue Price, beginning on the date: with respect to Series B-1 Preferred Shares held by Jingwei Chuangda (Hangzhou) Venture Capital Investment L.P. (經緯創達(杭州)創業投資合夥企業(有限合夥)) and Max Woods Limited, of 27 April 2015; with respect to Series B-1 Preferred Shares held by Genesis Capital I LP and SCC Venture VII Holdco, Ltd., of 23 November 2018, plus (z) any declared but unpaid dividends.

For each Series B Preferred Share, (x) 100% of the Series B Original Issue Price, plus (y) an amount accruing thereon at a simple interest rate of 10% per annum of the Series B Original Issue Price, beginning on the date: with respect to Series B Preferred Shares held by Jingwei Chuangda (Hangzhou) Venture Capital Investment L.P. (經緯創達(杭州)創業投資合夥企業(有限合夥)), of 16 January 2013; with respect to Series B Preferred Shares held by Max Woods Limited, of 12 April 2013, plus (z) any declared but unpaid dividends.

For each Series A Preferred Share, equal to (x) 100% of the Series A Original Issue Price, plus (y) an amount accruing thereon at a simple interest rate of 10% per annum of the Series A Original Issue Price, beginning on 5 July 2010, plus (z) any declared but unpaid dividends (collectively, the "**Series A Redemption Price**").

(d) Liquidation preferences

Upon any liquidation (including deemed liquidation), dissolution or winding up of the Company and/or any Group Company, either voluntary or involuntary, holders of the Preferred Shares shall be entitled to receive distributions in the following manner:

(i) First to the holders of Series F Preferred Shares, entitled to receive, on parity with each other, an amount equal to one hundred percent (100%) of the Series F Original Issue Price (in each case as adjusted for any share splits, share dividends, combinations, recapitalizations and similar transactions), plus an amount accruing thereon daily at a simple rate of eight percent (8%) per annum of the Series F Original Issue Price, plus all dividends declared and unpaid with respect thereto per Series F Preferred Shares, then held by such holder.

28 REDEEMABLE CONVERTIBLE PREFERRED SHARES (CONTINUED)

C. Share Repurchase Concurrently with Issuance of Series F Redeemable Convertible Preferred Shares (Continued)

(d) Liquidation preferences (Continued)

(ii) Second to the holders of Series E Preferred Shares, entitled to receive, on parity with each other, an amount equal to one hundred percent (100%) of the Series E Original Issue Price (in each case as adjusted for any share splits, share dividends, combinations, recapitalizations and similar transactions), plus an amount accruing thereon daily at a simple rate of eight percent (8%) per annum of the Series E Original Issue Price, plus all dividends declared and unpaid with respect thereto per Series E Preferred Share, then held by such holder.

(iii) Third to the holders of Series D Preferred Shares, entitled to receive, on parity with each other, an amount equal to one hundred and fifty percent (150%) of the Series D Original Issue Price (in each case as adjusted for any share splits, share dividends, combinations, recapitalizations and similar transactions), plus all dividends declared and unpaid with respect thereto per Series D Preferred Share, then held by such holder.

(iv) Lastly to the holders of Series C Preferred Shares, Series B-1 Preferred Shares, Series B Preferred Shares and Series A Preferred Shares, entitled, on parity with each other, an amount equal to one hundred and fifty percent (150%) of relevant Original Issue Price (in each case as adjusted for any share splits, share dividends, combinations, recapitalizations and similar transactions), plus all dividends declared and unpaid with respect thereto relevant Preferred Shares, then held by such holder.

After distribution or payment in full of the amount distributable or payable on the Preferred Shares pursuant to paragraph (i) to (iv) above, the remaining assets of the Company available for distribution shall be distributed ratably among the holders of outstanding Ordinary Shares and the holders of outstanding Preferred Share in proportion to the number of outstanding Ordinary Shares held by them (with outstanding Preferred Shares treated on an as-if-converted basis).

28 REDEEMABLE CONVERTIBLE PREFERRED SHARES (CONTINUED)

C. Share Repurchase Concurrently with Issuance of Series F Redeemable Convertible Preferred Shares (Continued)

(e) Voting rights

Subject to the articles, each Preferred Shares shall carry such number of votes as is equal to the number of votes or Ordinary Shares into which such series of Preferred Shares could be converted. Holders of the Ordinary Shares and Preferred Shares shall vote together and not as separate classes.

The Group does not bifurcate any embedded derivatives from the host instruments and designates the entire instruments as financial liabilities at fair value through profit or loss with the fair value changes in relation to the Company's own credit risk recognised as other comprehensive income, while fair value changes in relation to market risk recorded in the consolidated statement of comprehensive loss. Amounts recorded in other comprehensive income related to credit risk are not subject to recycling in profit or loss, but are transferred to retained earnings when realised.

Management designated Redeemable Convertible Preferred Shares as financial liabilities at fair value through profit or loss. They are initially recognised at fair value. Subsequently, the component of fair value changes relating to the Company's own credit risk is recognised in other comprehensive loss. The classification of Redeemable Convertible Preferred Shares as current or non-current liabilities is based on whether the Preferred Shareholders can demand the Company to redeem the Preferred Shares within 12 months after the end of the reporting period. As of 31 March 2021, all Redeemable Convertible Preferred Shares are classified as current liabilities as the Preferred Shareholders can demand redemption if the Company could not consummate a Qualified IPO by 31 December 2021. Upon issuance of Series F Preferred Shares in April 2021, the earliest redemption date of all the Redeemable Convertible Preferred Shares were extended to three years from the closing of issuance of Series F Preferred Shares as described above (Note 28(c)), as such, all Redeemable Convertible Preferred Shares are classified as non-current liabilities as of 31 March 2023.

Immediately before the completion of the Global Offering on 13 April 2023, all Redeemable Convertible Preferred Shares were converted into ordinary shares on a one-for-one basis.

28 REDEEMABLE CONVERTIBLE PREFERRED SHARES (CONTINUED)

C. Share Repurchase Concurrently with Issuance of Series F Redeemable Convertible Preferred Shares (Continued)

(e) Voting rights (Continued)

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

	RMB'000
As at 1 April 2021	3,558,177
Issuance of Series F Preferred Shares	1,700,951
Repurchase of redeemable convertible preferred shares	(92,853)
Changes in fair value through profit or loss	1,638,199
Changes in fair value through other comprehensive income	(7,365)
Foreign exchange adjustments	(186,185)
As at 31 March 2022	6,610,924
As at 1 April 2022	**6,610,924**
Changes in fair value through profit or loss	**2,241,362**
Changes in fair value through other comprehensive income	**2,110**
Foreign exchange adjustments	**553,983**
As at 31 March 2023	**9,408,379**

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

Key valuation assumptions used to determine the fair value of Preferred Shares are as follows:

	Year ended 31 March	
	2023	2022
Discount rate	**15.0%**	16.5%
Risk-free interest rate	**4.6%**	2.3%
Volatility	**45.9%**	42.9%

29 DIVIDENDS

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

30 CASH FLOW INFORMATION

(a) Cash used in operations

	Year ended 31 March	
	2023	2022
	RMB'000	*RMB'000*
Loss before income tax	**(2,604,903)**	(1,921,579)
Adjustments for:		
Depreciation and amortization	**23,913**	13,374
Depreciation of right-of-use assets	**38,432**	37,705
Net impairment losses on financial assets and contract assets	**2,909**	1,024
Share-based payments expenses	**57,075**	106,983
Net fair value gains on financial assets measured at fair value through profit or loss	**(40,534)**	(37,820)
Finance income – net	**(4,571)**	(5,183)
Changes in fair value of redeemable convertible preferred shares	**2,241,362**	1,638,199
Loss of disposal of long-lived assets	**(453)**	352
Gains on disposal of subsidiaries	**–**	(11,875)
Exchange gains/(losses)	**847**	(27,937)
Change in working capital:		
(Increase) in trade receivables	**(3,337)**	(11,013)
Decrease/(increase) in contract assets	**311**	(1,402)
Decrease/(increase) in prepayment and other receivables	**8,358**	(11,140)
(Increase) in contract acquisition costs	**(10,969)**	(7,995)
Decrease/(increase) in restricted cash	**–**	(117)
Increase in trade payables	**1,054**	3,687
Increase in other payables and accruals	**20,830**	1,992
Increase in contract liabilities	**78,698**	54,566
Increase in salary and welfare payable	**35,810**	16,928
Cash used in operations	**(155,168)**	(161,251)

30 CASH FLOW INFORMATION (CONTINUED)

(b) Non-cash investing and financing activities

The major non-cash investing and financing transactions during all the years presented mainly include (i) the additions of the right-of-use assets and lease liabilities described in Note 16, and (ii) financial assets at fair value through profit or loss arises from disposal of Beisen Shengya described in Note 8.

(c) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for the years ended 31 March 2022 and 2023.

	As at 31 March	
	2023	2022
	RMB'000	*RMB'000*
Cash and cash equivalents	**408,709**	288,706
Redeemable convertible preferred shares	**(9,408,379)**	(6,610,924)
Lease liabilities	**(56,209)**	(76,527)
Net debt	**(9,055,879)**	(6,398,745)

30 CASH FLOW INFORMATION (CONTINUED)

(c) Debt reconciliation (Continued)

	Liabilities from financing activities		Other assets	
	Leases	**Redeemable convertible preferred shares**	**Cash and cash equivalents**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net debt as at 1 April 2021	(24,199)	(3,558,177)	215,074	(3,367,302)
Cash flows	37,820	(1,585,675)	86,013	(1,461,842)
Changes in fair values	–	(1,630,834)	–	(1,630,834)
Foreign exchange adjustments	–	186,185	(12,381)	173,804
Other changes due to share repurchase	–	(22,423)	–	(22,423)
Additions – non cash	(92,303)	–	–	(92,303)
Disposals – non cash	2,155	–	–	2,155
Finance costs recognised	(2,628)	–	–	(2,628)
Interest payments	2,628	–	–	2,628
Net debt as at 31 March 2022	(76,527)	(6,610,924)	288,706	(6,398,745)
Net debt as at 1 April 2022	**(76,527)**	**(6,610,924)**	**288,706**	**(6,398,745)**
Cash flows	**36,551**	**–**	**118,374**	**154,925**
Changes in fair values	**–**	**(2,241,362)**	**–**	**(2,241,362)**
Foreign exchange adjustments	**–**	**(556,093)**	**1,629**	**(554,464)**
Additions – non cash	**(27,347)**	**–**	**–**	**(27,347)**
Disposals – non cash	**11,114**	**–**	**–**	**11,114**
Finance costs recognised	**(3,072)**	**–**	**–**	**(3,072)**
Interest payments	**3,072**	**–**	**–**	**3,072**
Net debt as at 31 March 2023	**(56,209)**	**(9,408,379)**	**408,709**	**(9,055,879)**

31 COMMITMENTS

(a) Capital Commitments

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	As at 31 March	
	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**2,751**	10,885

(b) Operating Lease Commitments

The Group leases certain offices under non-cancellable operating lease arrangements with lease terms less than 1 year, which can be exempted from IFRS 16. The Group's future aggregate minimum lease payments for such short term non-cancellable operating leases were as follows:

	As at 31 March	
	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**600**	1,118

32 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family members of the Group are also considered as related parties.

The following significant transactions were carried out between the Group and its related parties during all the years presented. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

32 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Key management personnel compensations

Key management includes executive directors and other members of the Company's senior management team. The compensations payable to key management for employee services are shown below:

	Year ended 31 March	
	2023	2022
	RMB'000	*RMB'000*
Share-based compensation	**5,985**	8,273
Wages, salaries and bonuses	**5,706**	6,160
Pension cost-defined contribution plans	**236**	214
Housing benefits	**180**	162
Other social security costs	**156**	144
	12,263	14,953

33 BENEFITS AND INTERESTS OF DIRECTORS

The remuneration of every director for the year ended 31 March 2022 is set out as below:

Name	Fees	Wages, salaries and bonuses	Pension cost-defined contribution plans	Other social security costs	Housing benefits	Share-based compensation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Wang Zhaohui *(i)*	–	1,155	53	36	40	–	1,284
Mr. He Jiabo *(ii)*	–	2,369	53	36	40	4,679	7,177
Mr. Ji Weiguo *(iii)*	–	1,225	53	36	40	–	1,354
Ms. Liu Xianna *(iv)*	–	1,412	53	36	40	3,594	5,135
Ms. Liu Shanshan *(v)*	–	–	–	–	–	–	–
Mr. Xu Liang *(vi)*	–	–	–	–	–	–	–
Mr. Ji Yue *(vii)*	–	–	–	–	–	–	–
Mr. Zuo Lingye *(vii)*	–	–	–	–	–	–	–
Mr. Quan Le *(vii)*	–	–	–	–	–	–	–
Mr. Xu Hao *(viii)*	–	–	–	–	–	–	–
	–	6,161	212	144	160	8,273	14,950

33 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

The remuneration of every director for the for the year ended 31 March 2023 is set out as below:

Name	Fees *RMB'000*	Wages, salaries and bonuses *RMB'000*	Pension cost-defined contribution plans *RMB'000*	Other social security costs *RMB'000*	Housing benefits *RMB'000*	Share-based compensation *RMB'000*	Total *RMB'000*
Mr. Wang Zhaohui *(i)*	–	1,204	59	39	45	1,224	2,571
Mr. He Jiabo *(ii)*	–	1,249	59	39	45	750	2,142
Mr. Ji Weiguo *(iii)*	–	1,564	59	39	45	1,224	2,931
Ms. Liu Xianna *(iv)*	–	1,689	59	39	45	2,787	4,619
Mr. Zhao Hongqiang *(ix)*	–	–	–	–	–	–	–
Mr. Ge Ke *(ix)*	–	–	–	–	–	–	–
Mr. Du Kui *(ix)*	–	–	–	–	–	–	–
	–	5,706	236	156	180	5,985	12,263

(i) Mr. Wang Zhaohui was appointed as the Company's chairman of the board of directors on 6 April 2018.

(ii) Mr. He Jiabo was appointed as the Company's director on 25 September 2018 and resigned from directorship and his position as the president of the Company effective from 30 November 2022. Mr. He Jiabo will continue to be employed by the Company as a consultant subsequent to his resignation from directorship.

(iii) Mr. Ji Weiguo was appointed as the Company's director on 6 April 2018.

(iv) Ms. Liu Xianna was appointed as the Company's director on 31 December 2021.

(v) Ms. Liu Shanshan was appointed as the Company's director on 9 April 2021 and resigned on 31 December 2021.

(vi) Mr. Xu Liang was appointed as the Company's director on 26 September 2018 and resigned on 31 December 2021.

(vii) Mr. Ji Yue, Mr. Zuo Lingye and Mr. Quan Le were appointed as the Company's directors on 25 September 2018. Mr. Ji Yue, Mr. Zuo Lingye and Mr. Quan Le resigned on 31 December 2021.

(viii) Mr. Xu Hao was appointed as the Company's director on 13 March 2019 and resigned on 9 April 2021.

(ix) Mr. Zhao Hongqiang, Mr. Ge Ke and Mr Du Kui were appointed as the Company's directors on 30 March 2023.

34 NOTES TO THE STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(a) Statements of Financial Position of the Company

	Note	As at 31 March 2023 RMB'000	As at 31 March 2022 RMB'000
ASSETS			
Non-current assets			
Investment in subsidiaries		**4,090,318**	3,725,980
Total non-current assets		**4,090,318**	3,725,980
Current assets			
Other receivables and prepayments		**15,599**	4,711
Cash and cash equivalents		**3,179**	33,835
Total current assets		**18,778**	38,546
Total assets		**4,109,096**	3,764,526
DEFICITS			
Share capital	*22*	**15**	15
Share premium	*22*	**623,064**	623,064
Reserves	*23*	**126,642**	315,515
Accumulated losses		**(6,082,521)**	(3,803,162)
Total deficits		**(5,332,800)**	(2,864,568)
LIABILITIES			
Non-current liabilities			
Redeemable convertible preferred shares	*28*	**9,408,379**	6,610,924
Total non-current liabilities		**9,408,379**	6,610,924
Current liabilities			
Other payables and accruals		**33,517**	18,170
Total current liabilities		**33,517**	18,170
Total liabilities		**9,441,896**	6,629,094
Total deficits and liabilities		**4,109,096**	3,764,526

34 NOTES TO THE STATEMENTS OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

(b) Reserve movement of the Company

	Share-based payment	Currency translation differences	Changes in the fair value attributable to credit risk change	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 April 2021	144,734	110,014	(29,289)	225,459
Repurchase of shares	–	–	31,448	31,448
Share-based payments	53,635	–	–	53,635
Fair value changes on redeemable convertible preferred shares due to own credit risk	–	–	7,365	7,365
Currency translation differences	–	(2,392)	–	(2,392)
As at 31 March 2022	198,369	107,622	9,524	315,515
As at 1 April 2022	**198,369**	**107,622**	**9,524**	**315,515**
Share-based payments	**57,075**	**–**	**–**	**57,075**
Fair value changes on redeemable convertible preferred shares due to own credit risk	**–**	**–**	**(2,110)**	**(2,110)**
Currency translation differences	**–**	**(243,838)**	**–**	**(243,838)**
As at 31 March 2023	**255,444**	**(136,216)**	**7,414**	**126,642**

35 SUBSIDIARIES

The Group's principal subsidiaries at 31 March 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly or indirectly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of subsidiaries and controlled structured entities	Place and date of incorporation/ establishment and kind of legal entity	Registered/ issued capital	Effective interest held As at 31 March		Principal activities and place of operation
			2023	2022	
Directly held by the Company					
Beisen Holding HK Limited	10 April 2018/ Hong Kong/limited liability company	HK dollar ("HK$")1/ HK$1	**100%**	100%	Investment Holding/ Hong Kong
Indirectly held by the Company					
Beijing Beisen Cloud Technology Co., Ltd. (Beijing WFOE) (北京北森雲科技有限公司)	30 May 2018/ PRC/limited liability company	USD30,000,000/ USD14,300,000	**100%**	100%	Development and sale of products or services/PRC
Beijing Beisen Cloud Computing Co., Ltd. (北京北森雲計算股份有限公司) *(Note a)*	17 May 2005/ PRC/limited liability company	RMB5,580,000/ RMB5,580,000	**100%**	100%	Development and sale of products or services/PRC
Beisen Cloud Computing Co., Ltd. (北森雲計算有限公司)	3 January 2019/ PRC/ limited liability company	USD150,000,000/ USD138,508,000	**100%**	100%	Development and sale of products or services/PRC
Beijing Beisen Zongheng Investment Management Center (Limited Partnership) (北京北森縱橫投資管理中心(有限合夥))	10 October 2013/ PRC/ limited partnership	RMB3,800,000/ RMB3,800,000	**100%**	100%	Employee stock holding platform/ PRC
Sendou Shanghai Technology Co., Ltd. (森豆(上海)科技有限公司)	10 July 2019/ PRC/limited liability company	RMB100,000/ Nil	**100%**	100%	Cloud-Based HCM Solution/PRC

The English names of certain subsidiaries referred herein represent the directors' best effort at translating the Chinese names of these companies as no English names have been registered.

Note a: As described in Note 2.2.1 (a), the Company does not have directly or indirectly legal ownership in equity of the PRC Consolidated Affiliated Entities. Nevertheless, under the Contractual Arrangements entered into with Beisen Cloud Computing and its shareholders, the Company and its other legally owned subsidiaries are able to effectively control the operating and financing decisions of the PRC Consolidated Affiliated Entities and receive substantially all of the economic benefits generated by the PRC Consolidated Affiliated Entities. Accordingly, the PRC Consolidated Affiliated Entities are treated as controlled structured entities of the Company and consolidated by the Company.

36 CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2022 and 2023.

37 SUBSEQUENT EVENTS

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

Immediately before the completion of the Global Offering, each share in the then authorised share capital of the Company with a nominal value of US$0.0001 each (whether issued or unissued) was subdivided into 10 shares of the corresponding class with a nominal value of US$0.00001, and all preferred shares were converted into ordinary shares on a one-for-one basis. As a result of the Share Subdivision, the Company restated the loss per share for the year ended 31 March 2022 and 2023 (Note 13).

DEFINITIONS

In this report, the following expressions have the meanings set out below unless the context otherwise requires:

"2016 FITE Regulations"	the Provisions on the Administration of Foreign-Invested Telecommunications Enterprises promulgated by the State Council, which were amended on 10 September 2008, 6 February 2016 and 7 April 2022 (the version amended in 2016, hereinafter the "2016 FITE Regulations" and the version amended in 2022, hereinafter the "2022 FITE Regulations"
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AGM"	the annual general meeting of the Company to be held on 20 September 2023
"Articles of Association"	the sixth amended and restated articles of association of the Company adopted by a special resolution of the shareholders of the Company on 23 March 2023 and effective from Listing, as amended from time to time
"Audit Committee"	the audit committee of the Board
"Beijing WFOE"	Beijing Beisen Cloud Technology Co., Ltd. (北京北森雲科技有限公司), a limited liability company established under the laws of the PRC on 30 May 2018 and a wholly-owned subsidiary of our Company
"Beisen HK"	Beisen Holding HK Limited, a limited company incorporated in Hong Kong on 10 April 2018 and a wholly-owned subsidiary of our Company
"Beisen Shengya"	Beisen Shengya (Beijing) Education Technology Co., Ltd. (北森生涯(北京)教育科技有限公司), a limited liability company established under the laws of the PRC on 23 April 2009, which ceased to be our wholly-owned subsidiary after the relevant share transfer completed on 6 September 2021

"Board", "our Board" or "Board of Directors"	the Board of Directors of our Company
"business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong or other relevant jurisdictions are generally open for normal banking business
"CG Code"	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
"Chairman"	the chairman of the Board
"Chengdu WFOE"	Beisen Cloud Computing Co., Ltd. (北森雲計算有限公司), a limited liability company established under the laws of the PRC on 3 January 2019 and a wholly-owned subsidiary of our Company
"China" or "PRC"	the People's Republic of China, for the purposes of this report only, excluding Hong Kong, Macau Special Administrative Region and Taiwan
"Company","our Company", or "the Company"	Beisen Holding Limited (北森控股有限公司), a company with limited liability incorporated in the Cayman Islands on 6 April 2018
"Consolidated Affiliated Entity"	entity we control wholly through the Contractual Arrangements, namely Onshore Holdco
"Director(s)"	the director(s) of our Company
"FY2022"	the year ended 31 March 2022
"Global Offering"	the Hong Kong public offering and the international offering of the offer shares
"Group", "our Group", "the Group", "we", "us", "our", or "Beisen"	the Company, its subsidiaries and the Consolidated Affiliated Entity from time to time, and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries and Consolidated Affiliated Entity, such subsidiaries and Consolidated Affiliated Entity as if they were subsidiaries and Consolidated Affiliated Entity of our Company at the relevant time
"HKD" or "HK$" or "HK dollars"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong" or "Hong Kong SAR" or "HK"	the Hong Kong Special Administrative Region of the PRC

"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	13 April 2023, being the date on which the Shares were listed on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"MIIT"	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) (formerly known as the Ministry of Information Industry)
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"Nomination Committee"	the nomination committee of the Board
"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
"PRC Legal Advisor"	Han Kun Law Offices, our legal advisor on PRC law
"Pre-IPO Share Option Plan"	the Pre-IPO share option plan of our Company adopted by the Board on 15 July 2019, and amended on 23 April 2020, 26 September 2021 and 31 December 2021
"Prospectus"	the prospectus of our Company, dated 30 March 2023, in relation to the Global Offering
"Registered Shareholders"	the registered shareholders of Onshore Holdco, namely Mr. Wang, Mr. Ji, Beijing Beisen Zongheng Investment Management Center (Limited Partnership) (北京北森縱横投資管理中心(有限合夥)), Beijing Beisen Investment Management Center (Limited Partnership) (北京北森投資管理中心(有限合夥)), and Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司)
"Remuneration Committee"	the remuneration committee of the Board
"Reorganization"	the reorganization arrangements undertaken by our Group in preparation for the Listing, as detailed in the section headed "History, Reorganization and Corporate Structure–Reorganization" in the Prospectus

"Reporting Period"	the year ended 31 March 2023
"RMB" or "Renminbi"	Renminbi Yuan, the lawful currency of China
"RSU(s)"	restricted share unit award(s) to be granted to participants under the RSU Plan
"RSU Plan"	the restricted share unit plan of our Company adopted by the Board on 31 December 2021, and subsequently amended by the Board on 23 March 2023
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Sendou Shanghai"	Sendou Shanghai Technology Co., Ltd. (森豆(上海) 科技有限公司), a limited liability company established under the laws of the PRC on 10 July 2019 and a wholly-owned subsidiary of our Company
"Share(s)"	ordinary share(s) in the share capital our Company, with a nominal value of US$0.0001 each prior to the Share Subdivision or US$0.00001 each upon the completion of the Share Subdivision
"Shareholder(s)"	holder(s) of our Shares
"Share Subdivision"	the subdivision of each share in the Company's issued and unissued share capital with par value of US$0.0001 each into 10 shares of the corresponding class with nominal value of US$0.00001 each
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"USD" or "US$" or "US dollar"	United States Dollar, the lawful currency of the United States of America
"%"	per cent.

In this report, 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
"application"	application software designed to run on smartphones and other mobile devices
"ARR"	We define ARR as the annualized revenue run-rate of effective subscriptions of our cloud-based HCM solutions at a point in time. We calculate ARR by taking the monthly recurring revenue, or MRR, as of the last day of a particular month and multiplying it by 12. MRR is defined as the total contract value of effective subscriptions of our cloud-based HCM solutions, divided by the number of months within the duration of such subscriptions. Effective date of such subscriptions is provided in the relevant subscription agreements
"cloud-based"	applications, services or resources made available to users on demand via the internet from a cloud computing provider's servers with access to shared pools of configurable resources
"COVID-19"	coronavirus disease 2019, a disease caused by a novel virus designated as severe acute respiratory syndrome coronavirus 2
"employee lifecycle"	the period encompasses various stages in the career of an employee, beginning with recruitment and concluding with resignation, termination or retirement
"HCM"	human capital management
"NPS"	net promoter score, a customer loyalty metric calculated by subtracting the percentage of detractors (those who scored 0 to 6) from the percentage of promoters (those who scored 9 or 10), based on responses to the question "How likely are you to recommend our product/service to others?" scored on a zero-to-ten scale
"PaaS"	platform as a service, a category of cloud computing that provides a platform and environment to allow developers to build applications over the internet
"SaaS"	software as a service, a cloud-based software licensing and delivery model on a subscription basis with centrally hosted associated data
"subscription revenue retention rate"	We use subscription revenue retention rate to measure growth in revenue generated from existing customers of our cloud-based HCM solutions over time. To calculate such metric for a given current 12-month period, we first identify those customers who generated cloud-based HCM solution revenue in the prior 12-month period (the "**Trailing Twelve Months**") and then identify those among them who generated cloud-based HCM solution revenue in the current 12-month period. We then calculate the subscription revenue retention rate by dividing the subscription revenue such customers generated in the current 12-month period, by our total subscription revenue in the Trailing Twelve Months. The subscription revenues used in calculating our subscription revenue retention rate are based on our internal management accounts
"use case"	a specific business scenario in which a product or service could potentially be used