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Beisen Holding Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9669)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

The Board hereby announces the unaudited consolidated interim results of the Group for the six months ended 30 September 2024 together with the comparative figures for the six months ended 30 September 2023, as follows:

FINANCIAL HIGHLIGHTS

The key financial highlights are as follows:

	Six months ended 30 September		
	2024	2023	Change
	RMB'000	*RMB'000*	*%*
Revenue	**436,581**	400,533	9.0
Gross profit	**281,753**	237,010	18.9
Adjusted gross profit (a non-IFRS measure)[1]	**286,986**	255,338	12.4
Loss for the period	**(99,040)**	(3,058,067)	(96.8)
Adjusted net loss (a non-IFRS measure)[2]	**(34,157)**	(85,920)	(60.2)
Net cash used in operating activities	**97,041**	173,990[3]	(44.2)

Notes:

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

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

3. Certain prior period numbers have been reclassified to conform with the current period presentation.

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

BUSINESS REVIEW AND OUTLOOK

Industry Review

Since 2012, China has successively promulgated strategies for the development of the digital economy and issued the Plan for Development of the Digital Economy during the "14th Five-Year" period ("十四五"數字經濟發展規劃), promoting the robust growth of digital economy. The scale of the digital economy in China has expanded from RMB11.2 trillion in 2012 to RMB53.9 trillion in 2023, an increase of 3.8 times over eleven years. Digitalization of enterprises is increasingly permeating various aspects of enterprise production and management, continuously fostering the emergence of new business models. Meanwhile, advancements in technologies such as cloud computing and AI large model provide significant drivers for a new round of technological revolution and industrial transformation.

It has been an important issue in modern enterprise management to consider and evaluate the ways to fully leverage the advantages of data-driven decision-making, achieve cross-temporal and cross-spatial collaboration through technology, and reduce costs while increasing efficiency. The intensifying wave of transnational expansion, the expansion of business territories and the increasing complexity of operation scenarios have presented new challenges for enterprise management. Characterized by its flexibility, efficiency, and cost-effectiveness, HCM SaaS has become crucial tool for modern enterprises to achieve digitalization in human resource management. Integrated HCM SaaS that can consolidate various modules such as recruitment, Core HCM, performance, and learning have increasingly become the preferred choice for digitalization of talent management in enterprises. Additionally, as Chinese enterprises accelerate their pace of internationalization, effective management of overseas talents and optimization of global human resources allocation have become significant challenges for them. HCM SaaS empowers enterprises to address these challenges with its globalized service capabilities and data analysis capabilities.

Beisen is the only integrated cloud-based HCM solutions provider amongst the many participants in the Chinese cloud-based HCM solutions market and the only cloud-based HCM solutions service provider who has built a unified and open PaaS infrastructure. As the digital economy and digital talent industry continue to flourish, coupled with the constant application of AI large model in different operation scenarios, we will achieve continuous growth and lead the digital transformation of human resources in enterprises.

Beisen's cloud-based HCM solutions cover all the main HCM-using scenarios of the entire employment lifecycle, providing comprehensive and integrated solutions. Beisen is the leader and has maintained the largest market share in China's HCM SaaS market for eight consecutive years since 2016. In 2023, the market share of Beisen's HCM SaaS reached 15%[1], further widening the gap with the second-place competitor. At the sub-market level, we have also been a top-ranking participant in China's Core HCM, recruitment management and performance management markets in terms of market share. In addition, Beisen's assessment business has consistently maintained its market dominance for many years.

Business Review

In the first half of 2024, the complexity, severity and uncertainty of the external environment of China's economy increased significantly. The continuous domestic economic structural adjustment also brought new challenges. However, with the gradual effects of macro-policies, the revival of external demand and the accelerated development of new quality productive forces also formed a certain degree of support to the overall economy. Amid such macro-economic challenges, Beisen's business demonstrated resilience and competitiveness through targeted adjustments and responses. The pressure of the overall economic environment has reduced customers' willingness to pay, and the structural adjustment of some industries has led to an overall downturn in these sectors; however, at the same time, new productivity, new consumption, AI and other related industries have been gaining momentum and growth. The human resource management of enterprises has been transforming and changing in the areas of digitization, AI application, and integration of human resources.

Looking back at the journey of human resources digitalization, technologies used in human resources have evolved from personnel management systems in the personal computer era to human resources management systems in the internet era, then to integrated talent management in the cloud computing era, and now to a personalized, employee-centric intelligent experience in the AI era. In 2024, enterprise human resources management continues to further its digital transformation. With the support of AI, we are stepping into a new era of employee-centric and personalized intelligent experience, bringing unprecedented operation styles and interaction modes for employees.

AI is reshaping the future of the human resources field at an exceptional speed and scale. In 2024, Beisen launched its AI strategy, fully embracing AI to create a new generation of HCM SaaS empowered by AI and has launched seven major AI assistants based on large model, leading the HCM industry towards a new era of intelligence, personalization, and efficiency. Leveraging our self-developed Luban PaaS platform and AI/BI technology foundation, combined with generative AI large model and

Note 1: Source: IDC China Human Capital Management (HCM) SaaS Market Tracking Report for the Second Half of 2023 released by International Data Corporation (IDC) over 20 years of experience in the human resources field with continuous training and refinement, we have created Sen GPT, an AI model for workforce management. Integrating this model into our integrated HCM SaaS business and data scenarios, we introduced a range of groundbreaking new products, including Mr. Sen (森教練), AI Interviewer (AI面試官), and AI Interview Assistant (AI面試助手), based on generative AI technology, further expanding the range of Beisen's AI Family products.

Expanding business overseas is an important trend for Chinese enterprises seeking development. In the first half of 2024, Beisen continued to invest in the research and development of international product capabilities based on its PaaS platform. Beisen Core HCM products support multiple languages, countries, currencies, and time zones, addressing important business scenarios. Leveraging the accumulated business experience of our HCM SaaS integration, Beisen fully supports enterprises in building a global integrated human resources system and localized human resources management, covering scenarios such as overseas recruitment, personnel management, attendance, remuneration, performance targets, and learning.

Beisen will leverage these innovative products to assist enterprises in resolving practical issues in the implementation of human resources digitalization, improving management effectiveness, optimizing talent allocation, stimulating organizational potential, and creating a new engine for business growth. Our total revenue reached RMB436.6 million for the Reporting Period, representing an increase of 9.0% as compared with the same period last year. Our cloud-based HCM solutions generated a total revenue of RMB338.8 million for the Reporting Period, representing an increase of 14.3% as compared with the same period last year. Revenue from cloud-based HCM solutions accounted for 77.6% of total revenue for the Reporting Period, representing an increase of 3.6 percentage points compared with the same period last year.

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

Our main HCM solutions include:

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

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

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

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

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

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

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

Beisen AI Family, based on an underlying PaaS platform, integrates over 20 years of talent management technology and knowledge on the foundation of general large model. This has led to the creation of a series of modeling capabilities tailored for vertical industries. By leveraging the combination of these vertical modeling capabilities along with HCM SaaS integration scenarios, the Beisen AI Family has developed seven major AI assistants and over 100 AI features.

Our integrated platform covers the full spectrum of the employment cycle from recruitment to departure. For new clients, we delve deeply into their business requirements and promote sales across multiple modules. For our existing clients, we continuously deepen our understanding of their business models to identify their needs and opportunities for further collaborations, thereby facilitating cross-module sales. As of 30 September 2024, our ARR from clients engaged in two or more modules accounts for 75.0%.

In FY2025, Beisen has comprehensively upgraded its proactive service process and deployed customer success managers ("**CSM**") for contract renewal management. Excluding the share-based payments from gross profits, for the six months ended 30 September 2024, our gross profit margin (a non-IFRS measure) was 65.7%, up by 2.0 percentage points from the same period last year. Specifically, the gross margin for cloud-based HCM solutions (a non-IFRS measure) was 81.1%, up by 3.0 percentage points from the same period last year.

For the first half of FY2025, we focused on our integrated HCM SaaS opportunities, specifically targeting at large-scale clients, cultivating the integration of HCM SaaS and further refined the utilization of human resources. In particular, we improved the capability of our products and further widened the gap with the competitors by increasing our investment in the manufacturing and retail chain sectors. As of 30 September 2024, our total number of customers was 5,623 and we achieved a subscription revenue retention rate of 107%.

1. ***Core HCM integration business grew in a solid manner. As of 30 September 2024, the ARR accounted for 55%, representing an increase of 28% as compared with the ARR as of 30 September 2023, and the cumulative number of customers was close to reaching 2,100.***

   To enhance group-level management capabilities for large-scale clients and support complex and segmented human resource scenarios, Beisen continues to upgrade its workforce management. The degree of refinement in workforce management now meets the business needs of several large-scale enterprises. Beisen has also upgraded enterprises' social insurance management systems, making their social insurance capabilities smarter and more powerful. In addition, Beisen's AI Employee Assistant, based on AI large model, can quickly study corporate knowledge documents and swiftly build the enterprises' human resources shared service centres (SSC) knowledge bases. The AI Employee

Assistant is available 24/7 online, ensuring zero wait time for employee inquiries, thereby revitalizing the employee self-service experience.

Core HCM Integration is firmly focused on serving large-scale clients. In the first half of FY2025, Beisen signed partnership agreements with numerous large-scale enterprises with over 10,000 employees, spanning industries such as new energy, retail chains, biopharmaceutical manufacturing, and smart machinery manufacturing, helping large-scale enterprises establish a digital human resources platform for group-level management.

2. ***Evaluate capabilities, assess potential, and revolutionize the recruitment process with AI interviews. Our integrated recruitment and assessment products in assisting organizations to channel their recruitment towards the enhancement of business value has evolved significantly, shifting from focusing on recruitment volume to enhancing recruitment quality. As of 30 September 2024, the ARR for recruitment and assessment integration business accounted for 21%.***

In the context of the contemporary economic landscape, companies have become more demanding regarding the cost and quality of talent recruitment. In the first half of FY2025, Beisen successively launched the "AI Recruitment Assistant" and "AI Interviewer", integrating over 20 years of experience in talent assessment with the latest AI large model recruitment technologies. Through AI-assisted methods, companies can effectively reduce recruitment costs and enhance talent quality. The Beisen AI Interviewer is the second generation of Beisen's AI interview products, utilizing AI large model technology to simulate real interviewers with digital avatars for conducting interviews and making follow-up enquiries. The AI Interviewer comprehensively assesses candidates from multiple dimensions, including professional image, professional skills, job competency, psychological qualities, cognitive abilities, and career preferences. It not only evaluates the candidates' current capabilities but also assesses their future potential, achieving precise matching between job positions and the suitable candidates.

As of September 30, 2024, the AI Interviewer has been commercialized, with sales exceeding 50 clients. For instance, a leading Fortune Global 500 high-tech manufacturing company has utilized the AI Interviewer in its campus recruitment process and integrated assessment capabilities by replacing the traditional three-round interview process with a single round interview with the assistance of the AI Interviewer, resulting in an 83% reduction in students' response time while enhancing the quality of the recognition of candidates' capabilities. A leading Fortune Global 500 automotive manufacturer has replaced initial interviews with AI interviews in its campus recruitment, establishing a tech-savvy employer brand and improving the candidates' experience. A leading property management company has employed the AI Interviewer for blue-collar recruitment, doubling its recruitment efficiency.

3. ***Performance Management Cloud inspires organizations and talents through orienting the implementation of strategies. By constructing a strategic pathway from the organization to individuals and employing diverse evaluations, it unlocks talent potential and enhances organizational effectiveness, helping enterprises create new drivers for business growth. As of 30 September 2024, the ARR from the performance management business recorded a year-on-year increase of 17%, and 179 new customers were secured during the Reporting Period.***

   During the Reporting Period, Performance Management Cloud introduced new features for objectives sharing amongst employees to jointly bear and achieve the objectives, enhancing the support of functional and back-office systems for strategic goals. It introduced automatic progress summaries for goals and a team performance dashboard on mobile, empowering managers to follow up on performance processes. In addition, features upgrades improved human resources operational efficiency and user experience. Languages support for objectives and key results (OKRs), goals and performance was also optimized to assist enterprises in their overseas business endeavors.

   Beisen Performance Management Cloud assisted a large-scale pharmaceutical company with over 10,000 employees in the implementation of online management of goals and performance for more than 23,000 staff members, creating a comprehensive strategic decomposition map from group to subsidiary, department, and individual levels. It standardized and streamlined over 30 performance templates into 9 sets of templates, enhancing performance consistency and operational efficiency. The introduction of mutual evaluations between departments in performance assessments reduced the need for extensive follow-ups and data collection and analysis. Performance results were categorized and summarized for display, facilitating result analysis and collaborative applications. The client reported a 10% reduction in performance operation costs and a 30% increase in the speed of business analysis after the application of our Performance Management Cloud.

4. ***E-Learning Cloud, with increased research and development efforts, AI reshapes learning models. As of 30 September 2024, the ARR from E-Learning Cloud has experienced a year-on-year growth of 60% and has acquired 160 new customers during the Reporting Period. In the first half of FY2025, Beisen strategically invested in the E-Learning Cloud products, continuously enhancing research and development capabilities. Nearly 300 new features and functionalities were launched over a six-month period, introducing innovative learning models that promote interactive and community-based learning. The initiative also emphasizes digitalization of the entire training certification process, helping enterprises build their pipeline of trainers.***

   Leveraging cutting-edge AI large model technology, Beisen has launched two industry-leading value-added products: the AI Course Assistant and the AI Training Assistant. The AI Course Assistant integrates syllabus design, intelligent PowerPoint generation, Avatar Course Recording, and course video production, achieving comprehensive automation in course creation and significantly enhancing the efficiency and quality of content production. The AI Training Assistant utilizes large model capabilities to automatically generate practice scripts, providing employees with a personalized, around-the-clock practical training environment through flexible role simulations. It combines real-time feedback with precise guidance, accelerating skill acquisition and capability enhancement from knowledge learning to skill practice. In addition, Beisen E-Learning Cloud deeply integrates AI technology into the training effectiveness evaluation phase. Through intelligent methods such as AI questions generation and AI grading, it comprehensively covers the training process, ensuring fairness, accuracy, and efficiency in assessments. It provides strong support for the refined, intelligent management of corporate training operations, harnessing AI to reshape learning models.

5. ***The applications of our assessment products are innovative and evolving with product upgrades completed through AI technology, which facilitated further penetration in the industry by focusing on state-owned enterprises and industry clients.***

   During the Reporting Period, Beisen's assessment products adhered to the "AI First" product strategy, upgrading four AI products. Beisen launched the second-generation AI Interviewer based on large language model, integrating multiple assessments including language skills, professional knowledge, competency interviews, and evaluations to evaluate capabilities and potentials. This was achieved through the application of AIGC technology, enabling intelligent follow-up questioning and AI evaluation capabilities. In addition, Beisen applied AI technology to its leadership assessment products, introducing AI Management Skills Assessment (AI管理技能測評) that combines classic psychological measurements with AIGC technology. This allows for dual assessments of managers' capabilities and thought process, breaking away from traditional exam-style responses to provide a conversational answering experience. The product team upgraded Mr. Sen, the personal leadership coach, incorporating leadership courses and training tasks developed by research institutes. Through dialogues with the AI character, young leaders can conveniently and effectively adopt a "learning through practice" leadership development model and receive real-time feedback. An AI question generation function was launched in the examination center, facilitating the development of exam questions and question bank construction for enterprises. In addition, in the first half of FY2025, a "Research Potential Assessment Program" (科研潛質測評方案) targeting research institutes of state-owned enterprises was introduced, providing more precise assessment solutions for the recruitment and selection of research personnel in state-owned enterprises. A set of international talent assessment solutions is also introduced, supporting the talent development of Chinese enterprises in the process of globalization.

During the Reporting Period, Beisen provided a range of talent management solutions for large-scale state-owned enterprises in the banking, manufacturing, and energy sectors. The services included optimizing and upgrading the quality of talent recruitment systems, building talent pipelines, optimizing qualification systems, developing talent growth pathways, creating premium leadership development programs, establishing digital talent transformation certification systems, and talent appraiser/cultivator certifications. Notably, in the first half of FY2025, Beisen developed a digital talent team-building project for a state-owned bank. By refining the capability requirements for digital talent, it constructed a learning curriculum and certification standards, significantly advancing the client's digital talent team development to a new level.

6. *Steady advancement of the eco-partner program, effectively supporting business growth*

In the first half of FY2025, Beisen's eco-partner strategy continued to progress steadily, achieving significant results in several key areas.

Deepening eco-partner strategy to support enterprises' business growth

Beisen's eco-partner strategy continues to be implemented with collaborative projects through exclusive joint solutions with DingTalk. By integrating the strengths of both parties, we have provided clients with more secure and comprehensive solutions. The strategic partnership with Hand Enterprise Solutions Co., Ltd. ("**HAND**") has successfully realized cooperation in delivering large-scale projects. This collaboration has not only strengthened our project execution capabilities but also provided clients with a more efficient and reliable service experience. In addition, Beisen has partnered with industry-specific consulting firms to combine industry consulting solutions with Beisen's integrated human resources digitalization solutions, further enhancing our capability to deliver solutions to large-scale clients. Through collaborations with eco-partners on training content, Beisen E-Learning Cloud now offers over 3,000 online courses and more than 1,000 practical instructors for in-person training courses.

Supporting enterprises' strategic development through eco-partnership

In terms of AI technology applications, we have formed strategic partnerships with Zhipu AI, Tongyi Qianwen, and ERINE Bot to launch AI application products for human resources scenarios, which have been promoted to and utilized by clients. This innovative initiative not only enhances our technical capabilities but also brings a new wave of intelligent transformation to human resources management.

Beisen has proposed its global HCM SaaS integrated solution and established partnerships with overseas service providers such as Alibaba Cloud, HAND, DEEL, and CDP, to further meet the needs of enterprises venturing abroad. These collaborations lay a solid foundation for our international strategy.

In terms of PaaS ecosystem, Beisen has established partnerships with nearly a hundred software vendors and multiple banks to support payroll processing, enabling one-click synchronization of bank payment and other capabilities. We have deeply engaged with the manufacturing industry client scenarios and developed joint solutions with partners for administrative logistics scenarios, providing seamless services to enterprise employees without interruptions.

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

Significant Business Results from Building and Operating the Ecosystem

In the first half of FY2025, we expanded the regions where our eco-partner strategy are implemented. We established an online operational management system for eco-partners, significantly leveraging eco-partners to drive business growth. During the Reporting Period, the number of eco-partners we cooperated with exceeded 220, and the business opportunities provided by eco-partners increased by 191% year-on-year.

Business Outlook

With the continuous implementation of our integrated strategy, in the second half of FY2025, we will continue to launch new products and features, thereby facilitating and creating more opportunities for cross-selling among different modules. We will further strengthen our competitive advantage with more new products, greater integration, and higher ARR, which are unique to Beisen's business model. Beisen has achieved a CAGR of over 12% in average ARR per client and a CAGR of 23% in ARR for the past five years. In particular, the ARR of Core HCM integration has grown at a CAGR of over 50%. Furthermore, contributed by the cross-selling of modules and the rapid growth of Core HCM, Beisen has consistently maintained a satisfactory level of subscription revenue retention rate at around 107% for the past five years. Additionally, the ability to serve organizations with over 10,000 employees achieved by Beisen's integrated HCM SaaS based on PaaS has laid a solid foundation for Beisen's strategy of retaining large customers.

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

1. ***Comprehensive support for the globalization of Chinese enterprises***

   The wave of Chinese enterprises venturing into overseas markets has arrived. Beisen HCM SaaS integration will incorporate scenario-based capabilities in areas such as multilingual support, multiple time zones, multiple currencies, and compliance for overseas expansion. We strive to comprehensively support Chinese enterprises in their overseas talent recruitment, personnel management, attendance management, compensation management, performance management, and learning management through online applications, which will assist Chinese enterprises in their ventures into the global market and their global integration of human resources digital transformation.

2. Fully embracing AI

AI may not bring about a disruptive transformation in human resources software, but it will generate a multitude of AI Agents in various HCM scenarios. Human resources software is process-driven, and as we enter the era of AI Agents, human resources software will move toward a more personalized approach. Beisen has adopted a comprehensive all-in-AI strategy, incorporating generative AI, HCM SaaS, and talent management technologies, to assist enterprises in accurately identifying talent, effectively nurturing talent, and providing targeted talent development, thus creating a dual-driven talent innovation system powered by AI and talent management. The system can be applied to scenarios such as job modelling, talent acquisition, talent development, leadership development, and employee services. With our genes in talent management, we believe that the establishment of AI that "truly understands talent" would form a new barrier to entry for our competitors.

3. Fully achieving commercialization of AI Interviewer

Beisen has completed the verification of human-machine conformance with some clients. By comparing the interview results of the "Beisen AI Interviewer" with those of traditional interviewers, Beisen AI Interviewer can essentially replace regular interviewers, marking a turning point or starting point for industry transformation. Traditional methods require significant involvement from human resources or business department personnels in interviews, consuming internal resources and resulting in low efficiency. The replacement of traditional interviews with AI interviews will lead to dramatic changes in the industry, breaking the constraints of time and space. We believe that AI interviews will create substantial commercial opportunities in the future.

Over the past 20 years, Beisen has accumulated a wealth of industry expertise. We possess methodologies for identifying, developing, and assessing talent, which, combined with large model, form a unique solution capability and an absolute competitive advantage. This will provide Beisen with additional engines for business growth.

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

We observe a trend where medium to large clients seek to enhance efficiency through digitalization. They believe that only by transforming digitally can they survive and further improve their competitiveness in the future competitive landscape. Therefore, focusing on large clients is a firm strategy for Beisen. Our products and delivery capabilities are already well equipped to meet the needs of large clients. As of September 30, 2024, there are over 120 large clients with more than 10,000 employees using our *Core HCM solutions* and performance products. In FY2025, through cross-selling across various modules, we will further increase the coverage and penetration of our *Core HCM solutions* amongst large-scale clients with over 10,000 employees.

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

In FY2025, Beisen will comprehensively upgrade its proactive service process and the CSM responsible for renewal management. This initiative aims to further enhance service quality while clearly defining proactive service standards and actions, allowing clients to receive more comprehensive and timely proactive services. This ensures that Beisen's products efficiently align with changes in clients' business operations. Starting from FY2025, the CSM will leverage its close relationship with clients to take charge of commercial promotion for renewal management. This approach will enhance internal efficiency while enabling the sales team to focus on acquiring new clients, ultimately providing a better experience for clients.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

		Unaudited Six months ended 30 September	
		2024	2023
	Note	***RMB'000***	*RMB'000*
Revenues from contracts with customers	5	**436,581**	400,533
Cost of revenues	8	**(154,828)**	(163,523)
Gross profit		**281,753**	237,010
Selling and marketing expenses	8	**(192,033)**	(232,252)
General and administrative expenses	8	**(82,696)**	(100,222)
Research and development expenses	8	**(154,780)**	(186,966)
Net impairment losses on financial assets and contract assets		**(2,335)**	(4,569)
Other income	6	**46,240**	31,276
Other gains, net	7	**8,033**	6,256
Operating loss		**(95,818)**	(249,467)
Finance income		**1,298**	4,962
Finance costs		**(567)**	(1,231)
Finance income, net		**731**	3,731
Fair value changes of redeemable convertible preferred shares	15	**–**	(2,810,841)
Loss before income tax		**(95,087)**	(3,056,577)
Income tax expense	9	**(3,953)**	(1,490)
Loss for the period		**(99,040)**	(3,058,067)
Loss attributable to:			
– Owners of the Company		**(99,040)**	(3,058,067)
– Non-controlling interests		**–**	–
		(99,040)	(3,058,067)

	Note	Unaudited Six months ended 30 September **2024** ***RMB'000***	 2023 *RMB'000*
Loss per share attributable to owners of the Company (expressed in RMB per share)			
– Basic and diluted	10	**(0.14)**	(4.64)
Other comprehensive (loss)/income:			
Items that may be reclassified to profit or loss			
Currency translation differences		**26,570**	(169,384)
Items that may not be reclassified to profit or loss			
Currency translation differences		**(32,117)**	199,500
Other comprehensive (loss)/income for the period, net of tax		**(5,547)**	30,116
Total comprehensive loss for the period		**(104,587)**	(3,027,951)
Total comprehensive loss attributable to:			
– Owners of the Company		**(104,587)**	(3,027,951)
– Non-controlling interests		**–**	–
		(104,587)	(3,027,951)

The above interim condensed consolidated statement of comprehensive loss should be read in conjunction with the accompanying notes on pages 19 to 37.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**As at 30 September 2024** *RMB'000* **Unaudited**	As at 31 March 2024 *RMB'000* Audited
ASSETS			
Non-current assets			
Property, plant and equipment		**31,328**	35,809
Right-of-use assets		**21,793**	25,293
Deferred income tax assets		**715**	4,668
Intangible assets		**1,052**	1,180
Other receivables and prepayments		**5,542**	1,940
Contract acquisition costs		**26,681**	29,716
Financial assets at fair value through profit or loss		**6,920**	5,420
Restricted cash		**1,030**	1,030
Total non-current assets		**95,061**	105,056
Current assets			
Contract acquisition costs		**22,825**	23,567
Contract assets		**7,513**	3,025
Trade receivables	11	**43,892**	31,161
Other receivables and prepayments		**29,911**	28,692
Financial assets at fair value through profit or loss		**982,078**	1,129,980
Term deposits		**–**	350,756
Restricted cash		**410**	52
Cash and cash equivalents		**516,636**	234,101
Total current assets		**1,603,265**	1,801,334
Total assets		**1,698,326**	1,906,390

	Note	As at 30 September 2024 RMB'000 Unaudited	As at 31 March 2024 RMB'000 Audited
EQUITY/(DEFICITS)			
Share capital	13	**50**	49
Share premium	13	**13,176,426**	13,146,247
Reserves		**(993,891)**	(943,493)
Accumulated losses		**(11,146,975)**	(11,047,935)
Equity attributable to owners of the Company		**1,035,610**	1,154,868
Non-controlling interests		**–**	–
Total equity		**1,035,610**	1,154,868
LIABILITIES			
Non-current liabilities			
Lease liabilities		**7,306**	738
Contract liabilities		**34,943**	55,202
Total non-current liabilities		**42,249**	55,940
Current liabilities			
Trade payables	12	**7,414**	2,564
Other payables and accruals		**169,405**	210,079
Contract liabilities		**433,294**	460,936
Lease liabilities		**10,354**	22,003
Total current liabilities		**620,467**	695,582
Total liabilities		**662,716**	751,522
Total equity and liabilities		**1,698,326**	1,906,390

The above interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes on pages 19 to 37.

SELECTED NOTES TO THE INTERIM FINANCIAL INFORMATION

1. General information

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

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

On 13 April 2023, the Company's ordinary shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**")

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

The Interim Financial Information has not been audited and was approved for issue on 18 November 2024.

2. Summary of significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

2.1 Basis of preparation

This Interim Financial Information for the six months ended 30 September 2024 has been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting.

The Interim Financial Information does not include all the notes of the type normally included in annual financial statements. Accordingly, this Interim Financial Information is to be read in conjunction with the Group's consolidated financial statements for the year ended 31 March 2024 and any public announcements made by the Company during the interim reporting period.

Certain prior period numbers included in the financial statement have been recasted for reclassification to increase comparability.

2.2 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2024.

2.2.1 Changes in accounting policy and disclosures

New and amended standards adopted by the Group

The Group has applied the following amendments or annual improvements for the first time for their annual reporting period commencing 1 April 2024:

		Effective for annual periods beginning on or after
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*	1 January 2024
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to IAS 1	*Non-current Liabilities with Covenants*	1 January 2024
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*	1 January 2024

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

New standards, amendments to standards and interpretations not yet adopted

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

		Effective for annual periods beginning on or after
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards	Volume 11	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

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 IFRSs.

3. Critical accounting estimates

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

In preparing this Interim Financial Information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements for the year ended 31 March 2024.

4. Segment information

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

All of the Group's revenues for the six months ended 30 September 2024 and 2023 were generated in the Mainland China.

As at 30 September 2024, all of the Group's long-lived assets are located in the Mainland China.

5. Revenues from contracts with customers

Revenue from contracts with customers for the six months ended 30 September 2024 and 2023 are as follows:

	Unaudited Six months ended 30 September	
	2024	2023
	RMB'000	*RMB'000*
Cloud-based HCM Solutions	**338,787**	296,476
Professional Services	**97,794**	104,057
	436,581	400,533

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

	Unaudited Six months ended 30 September	
	2024	2023
	RMB'000	*RMB'000*
Recognized over time	**391,165**	349,976
Recognized at a point in time	**45,416**	50,557
	436,581	400,533

6. Other income

	Unaudited Six months ended 30 September	
	2024	2023
	RMB'000	*RMB'000*
Government grants	**24,984**	11,482
Value added tax ("**VAT**") refund	**21,069**	19,417
Additional deductible input tax	**–**	214
Others	**187**	163
	46,240	31,276

7. Other gains, net

	Unaudited Six months ended 30 September	
	2024	2023
	RMB'000	*RMB'000*
Net fair value gains on financial assets at fair value through profit or loss	**11,000**	9,291
Net foreign exchange losses	**(2,777)**	(2,159)
Net (losses)/gains on disposal of property, plant and equipment	**(38)**	139
Others	**(152)**	(1,015)
	8,033	6,256

8. Expenses by nature

	Unaudited Six months ended 30 September	
	2024	2023
	RMB'000	*RMB'000*
Employee benefit expenses	**485,901**	582,254
Technical service fees	**18,131**	17,394
Depreciation of right-of-use assets	**14,655**	16,000
Depreciation & amortization expenses	**13,206**	13,038
Professional fees	**12,900**	10,636
Traveling expenses	**10,131**	11,179
Marketing expenses	**9,469**	8,278
Entertainment expenses	**4,440**	4,879
Tax surcharges	**4,319**	4,248
Short-term rental and utilities expenses	**3,202**	3,972
Office expenses	**2,793**	2,033
Conference fees	**274**	1,248
Recruitment expenses	**196**	155
Listing Expenses	**–**	2,470
Others	**4,720**	5,179
	584,337	682,963

9. Income tax expense

The income tax expense of the Group for the six months ended 30 September 2024 and 2023 are analyzed as follows:

	Unaudited Six months ended 30 September	
	2024	2023
	RMB'000	*RMB'000*
Current income tax	**–**	–
Deferred income tax	**3,953**	1,490
Income tax expense	**3,953**	1,490

(a) Cayman Islands

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

(b) Hong Kong Income Tax

Hong Kong income tax rate is two-tiered profits tax regime, under which the tax rate is 8.25% for assessable profits on the first HK$2 million and 16.5% for any assessable profits in excess of HK$2 million. Hong Kong profits tax was provided for the assessable profit that was subject to Hong Kong profits tax during the six months ended 30 September 2024 and 2023.

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

The income tax provision of the Group in respect of its operations in PRC was calculated at the tax rate of 25% or 15% for enterprises qualified as "High and New Technology Enterprises" ("**HNTE**") on the assessable profits for the six months ended 30 September 2024 and 2023, based on the existing legislation, interpretations and practices in respect thereof.

According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC that was effective from 2018 onwards, enterprises engaged in research and development activities are entitled to claim 175% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("**Super Deduction**"). According to the relevant laws and regulations that was effective from 2022, the tax deductible ratio was increased to 200%. The Group has made its best estimate for the Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits during the six months ended 30 September 2024 and 2023.

(d) PRC Withholding Tax ("WHT")

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

During the six months ended 30 September 2024 and 2023, the Group did not have any plan to require its PRC subsidiaries to distribute their retained earnings and intended to retain them to operate and expand the business in the PRC. Accordingly, no deferred income tax liability on WHT was accrued as at the end of each reporting period.

10. Loss per share

(a) Basic

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

	Unaudited Six months ended 30 September **2024**	 2023
Numerator:		
Loss for the period and attributable to owners of the Company *(in RMB'000)*	**(99,040)**	(3,058,067)
Denominator:		
Weighted average number of ordinary shares outstanding, basic	**719,897,675**	658,809,595
Basic net loss per share attributable to owners of the Company *(in RMB)*	**(0.14)**	(4.64)

(b) Diluted

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

As the Group incurred net losses for the six months ended 30 September 2023 and 2024, the dilutive potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, dilutive loss per share for the six months ended 30 September 2023 and 2024 was the same as basic loss per share of the respective periods.

11. Trade receivables

	As at 30 September 2024 *RMB'000* **Unaudited**	As at 31 March 2024 *RMB'000* Audited
Trade receivables from contracts with customers	**51,089**	36,330
Less: allowance for impairment of trade receivables	**(7,197)**	(5,169)
	43,892	31,161

(a) The credit terms given to trade customers are determined on an individual basis. The aging analysis of the trade receivables based on invoice date is as follows:

	As at 30 September 2024 *RMB'000* **Unaudited**	As at 31 March 2024 *RMB'000* Audited
– Up to 6 months	**38,088**	29,741
– 6 months to 1 year	**8,509**	2,749
– 1 year to 2 years	**2,979**	1,918
– Over 2 years	**1,513**	1,922
	51,089	36,330

The Group applies the simplified approach permitted by IFRS 9, which requires the expected lifetime losses to be recognized from initial recognition of the assets. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

12. Trade Payables

	As at 30 September 2024 *RMB'000* Unaudited	As at 31 March 2024 *RMB'000* Audited
Trade payables	**7,414**	2,564

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

	As at 30 September 2024 *RMB'000* Unaudited	As at 31 March 2024 *RMB'000* Audited
Up to 6 months	**7,414**	2,564

13. Share capital and share premium

	Number of ordinary shares	Nominal value of ordinary shares (With par value of US$0.00001 each(a)) *USD'000*
Authorized:		
As at 1 April 2023	452,124,515	45
Effect of Share Subdivision *(a)*	4,069,120,635	–
Conversion of preferred shares to ordinary shares *(b)*	478,754,850	5
As at 30 September 2023	**5,000,000,000**	**50**
As at 1 April 2024	**5,000,000,000**	**50**
As at 30 September 2024	**5,000,000,000**	**50**

	Number of ordinary shares	Nominal value of ordinary shares USD'000	Unaudited Equivalent Nominal value of ordinary shares RMB'000	Share premium RMB'000
Issued:				
As at 1 April 2023	21,374,042	2	15	623,064
Effect of Share Subdivision *(a)*	192,366,378	–	–	–
Conversion of preferred shares to ordinary shares *(b)*	469,750,850	5	32	12,206,083
Issuance of ordinary shares relating to initial public offering, net of underwriting commissions and other issuance costs *(c)*	8,044,000	–	1	198,903
As at 30 September 2023	**691,535,270**	**7**	**48**	**13,028,050**
As at 1 April 2024	718,354,420	7	49	13,146,247
Issuance of shares under Pre-IPO share option plan *(d)*	2,391,167	–	1	30,179
As at 30 September 2024	**720,745,587**	**7**	**50**	**13,176,426**

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

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

(c) On 13 April 2023, the Company issued 8,044,000 ordinary shares for HK$29.70 per share through initial public offering, which raised net proceeds of approximately RMB199,479,000. The Company's share capital and share premium was increased by approximately US$80 (equivalent to RMB1,000) and RMB198,903,000, being the gross proceeds net of share issuance costs. All newly issued ordinary shares are ranked pari passu with the existing ordinary shares in all aspects.

(d) During the six months ended 30 September 2024, options were exercised to subscribe for 2,391,167 ordinary shares of the Company at a consideration of US$349,196 (equivalent to approximately RMB2,499,000), of which US$24 (equivalent to approximately RMB172) and US$349,172 (equivalent to approximately RMB2,499,000) were credited to share capital and share premium, respectively. RMB27,680,578 was transferred from the reserve to share premium.

14. Share-based payments

Total expenses arising from share-based payment transactions recognized during the six months ended 30 September 2024 and 2023 were as follows:

	Unaudited	
	Six months ended 30 September	
	2024	2023
	RMB'000	*RMB'000*
Share-based payments–ESOP *(a)*	**62,235**	160,627
Share-based payments–RSU *(b)*	**2,648**	679
	64,883	161,306

(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 or any extended date determined by the Company. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

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

	Unaudited Six months ended 30 September			
	2024		2023	
	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 period	**0.09**	**47,683**	1.23	7,788
Exercised during the period	**0.18**	**(2,705)**	–	–
Forfeited during the period	**0.11**	**(1,641)**	(2.66)	(125)
Effect of share subdivision *(i)*	**–**	**–**	–	68,975
At end of the period	**0.09**	**43,337**	0.12	76,638

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

(b) Share-based payments–RSU

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

The restricted share unit award(s) to be granted to the participants under the RSU Plan (the "**RSU(s)**") shall vest in four years subject to fulfillment of the KPI of each year.

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

	Unaudited	
	Six months ended 30 September	
	2024	2023
	Number of options	Number of options
	'000	*'000*
At beginning of the period	**1,420**	–
Granted during the period	**2,820**	1,040
Forfeited during the period	**(228)**	–
At end of the period	**4,012**	1,040

The fair value of RSUs granted on 1 August 2023 was assessed to approximate to the market price of the grant date at the amount of HK$8.75 each (equivalent to RMB8,317,000 in total).

The fair value of RSUs granted on 10 October 2023 was assessed to approximate to the market price of the grant date at the amount of HK$5.59 each (equivalent to RMB410,000 in total).

The fair value of RSUs granted on 8 January 2024 was assessed to approximate to the market price of the grant date at the amount of HK$4.87 each (equivalent to RMB1,417,000 in total).

The fair value of RSUs granted on 22 April 2024 was assessed to approximate to the market price of the grant date at the amount of HK$3.94 each (equivalent to RMB965,000 in total).

The fair value of RSUs granted on 1 August 2024 was assessed to approximate to the market price of the grant date at the amount of HK$3.72 each (equivalent to RMB8,659,000 in total).

The share-based compensation expenses of RMB2.6 million and RMB0.7 million were recognised in the interim consolidated statement of comprehensive loss for the six months ended 30 September 2024 and 2023, respectively.

15. 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 derecognized the carrying amount of relevant Series D Preferred Shares, whereby the difference between the consideration and the fair value of the redeemable convertible preferred shares, for RMB37,889,000, is recognized as share-based payment expenses.

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

The key terms of the Preferred Shares upon issuance of Series F Preferred Shares are summarised as follows:

(i) *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).

(ii) *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 non-assessable 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.

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

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

	RMB'000
As at 1 April 2023	**9,408,379**
Changes in fair value through profit or loss	2,810,841
Foreign exchange adjustments	(13,105)
Conversion of convertible redeemable preferred shares to ordinary shares	(12,206,115)
As at 30 September 2023 (Unaudited)	**–**

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

16. Dividend

No dividend has been paid or declared by the Company or the companies now comprising the Group during the six months ended 30 September 2023 and 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the Reporting Period, the Group's total revenue was RMB436.6 million, representing a year-on-year increase of 9.0%. This increase was primarily driven by the increased revenues generated from subscriptions to our cloud-based HCM solutions. In particular, the revenue from cloud-based HCM solutions was RMB338.8 million, representing a year-on-year increase of 14.3%, accounting for 77.6% of the total revenue (same period in 2023: 74.0%). Revenue from professional services was RMB97.8 million, representing a year-on-year decrease of 6.0%, accounting for 22.4% of the total revenue (same period in 2023: 26.0%).

During the Reporting Period, we have incurred net losses of RMB99.0 million (same period in 2023: RMB3,058.1 million). Additionally, our adjusted net loss (a non-IFRS measure) decreased from RMB86.0 million for the six months ended 30 September 2023 to RMB34.2 million for the Reporting Period, representing a year-on-year decrease of 60.2%, primarily due to proactive cost control measures taken by the Company to improve the operating efficiency.

During the Reporting Period, the Group's net cash used in operating activities was RMB97.0 million as compared with RMB174.0 million for the same period in 2023, representing a year-on-year improvement of 44.2%.

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 RMB436.6 million in the Reporting Period, representing a year-on-year increase of 9.0% (same period in 2023: RMB400.5 million), primarily due to the increased revenues generated from subscriptions to our cloud-based HCM solutions. The following table sets forth a breakdown of our revenues, in absolute amounts and as percentages of total revenues, for the periods indicated.

	For the six months ended 30 September				
	2024		2023		Change
	Amount	**As a percentage of revenue**	Amount	As a percentage of revenue	
	RMB'000	***%***	*RMB'000*	*%*	*%*
Cloud-based HCM solutions	**338,787**	**77.6**	296,476	74.0	14.3
Professional services	**97,794**	**22.4**	104,057	26.0	(6.0)
Total	**436,581**	**100.0**	400,533	100.0	9.0

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 14.3% from RMB296.5 million for the six months ended 30 September 2023 to RMB338.8 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 5,300 as at 30 September 2023 to over 5,600 as at 30 September 2024. We achieved a subscription revenue retention rate of 107% for the Reporting Period. Accordingly, our ARR experienced a growth from RMB700.5 million as at 30 September 2023 to RMB783.9 million as at 30 September 2024.

We refer to customers who subscribe to our *Core HCM Solutions* along with at least one of our other cloud-based HCM solutions as *Core HCM Integration* customers. *Core HCM integration* has gained growing popularity among our customers due to its substantial scalability and synergy benefits. ARR for our *Core HCM Integration* increased by 27.6% from RMB339.2 million as at 30 September 2023 to RMB432.9 million as at 30 September 2024. As at 30 September 2024, ARR for our *Core HCM Integration* accounted for 55% of our total ARR. We acquired 272 new *Core HCM Integration* customers in the Reporting Period, bringing the total number of our *Core HCM Integration* customers to close to reaching 2,100 cumulatively and we achieved a subscription revenue retention rate of 114% for our *Core HCM Integration.*

Professional services

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

Professional services revenues decreased by 6.0% from RMB104.0 million for the six months ended 30 September 2023 to RMB97.8 million for the Reporting Period, primarily due to the expansion of customer size, leading to a longer service and revenue confirmation cycle.

Cost of Revenues

Our cost of revenues were RMB154.8 million (same period in 2023: RMB163.5 million), representing a year-on-year decrease of 5.3%. Our cost of revenues after excluding the share-based compensation were RMB149.6 million (same period in 2023: RMB145.2 million), representing a year-on-year increase of 3.0% and the percentage of which as a percentage of revenue decreased from 36.3% for the six months ended 30 September 2023 to 34.3% for the Reporting Period primarily due to the implementation of lean management in the Company, leading to an improvement in product and service efficiency.

Gross Profit and Gross Margin

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

	For the six months ended 30 September				
	2024 Gross Profit	**Gross Profit Margin**	2023 Gross Profit	Gross Profit Margin	Change
	RMB'000	***%***	*RMB'000*	*%*	*%*
Cloud-based HCM solutions	**272,553**	**80.4**	224,497	75.7	21.4
Professional services	**9,200**	**9.4**	12,513	12.0	(26.5)
Total	**281,753**	**64.5**	237,010	59.2	18.9

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

Our overall gross profit amounted to RMB237.0 million and RMB281.8 million for the six months ended 30 September 2023 and the Reporting Period, respectively. Our overall gross margin increased from 59.2% for the six months ended 30 September 2023 to 64.5% for the Reporting Period.

After excluding the share-based compensation, our adjusted gross profit (a non-IFRS measure) increased from RMB255.3 million for the six months ended 30 September 2023 to RMB287.0 million for the Reporting Period and our adjusted gross margin (a non-IFRS measure) increased from 63.7% for the six months ended 30 September 2023 to 65.7% for the Reporting Period.

Cloud-based HCM solutions

Gross profit for our cloud-based HCM solutions increased from RMB224.5 million for the six months ended 30 September 2023 to RMB272.6 million for the Reporting Period. Gross margin for our cloud-based HCM solutions increased from 75.7% for the six months ended 30 September 2023 to 80.4% for the Reporting Period.

After excluding the share-based compensation, the adjusted gross profit (a non-IFRS measure) for our cloud-based HCM solutions increased from RMB231.7 million for the six months ended 30 September 2023 to RMB274.9 million for the Reporting Period and the adjusted gross margin (a non-IFRS measure) for our cloud-based HCM solutions increased from 78.1% for the six months ended 30 September 2023 to 81.1% for the Reporting Period.

Professional services

Gross profit for our professional services decreased from RMB12.5 million for the six months ended 30 September 2023 to RMB9.2 million for the Reporting Period. Gross margin for our professional services decreased from 12.0% for the six months ended 30 September 2023 to 9.4% for the Reporting Period.

After excluding the share-based compensation, the adjusted gross profit (a non-IFRS measure) for our professional services decreased from RMB23.6 million for the six months ended 30 September 2023 to RMB12.1 million for the Reporting Period and adjusted gross margin (a non-IFRS measure) for our professional services decreased from 22.7% for the six months ended 30 September 2023 to 12.4% for the Reporting Period, primarily due to the expansion of customer size, leading to a longer service and revenue confirmation cycle.

Selling and Marketing Expenses

Our selling and marketing expenses were RMB192.0 million (same period in 2023: RMB232.3 million), representing a year-on-year decrease of 17.3%. Our selling and marketing expenses after excluding the share-based compensation were RMB172.6 million (same period in 2023: RMB178.4 million), representing a year-on-year decrease of 3.3%, the percentage of which as a percentage of revenue decreased from 44.5% for the six months ended 30 September 2023 to 39.5% for the Reporting Period, mainly due to the improvement in customer acquisition efficiency.

General and Administrative Expenses

Our general and administrative expenses were RMB82.7 million (same period in 2023: RMB100.2 million), representing a year-on-year decrease of 17.5%. Our general and administrative expenses after excluding the share-based compensation were RMB62.8 million (same period in 2023: RMB61.7 million), representing a year-on-year increase of 1.8%, the percentage of which as a percentage of revenue decreased from 15.4% for the six months ended 30 September 2023 to 14.4% for the Reporting Period due to the benefit on operating leverage.

Research and Development Expenses

Our research and development expenses were RMB154.8 million (same period in 2023: RMB187.0 million), representing a year-on-year decrease of 17.2%. Our research and development expenses after excluding the share-based compensation were RMB134.5 million (same period in 2023: RMB136.4 million), representing a year-on-year decrease of 1.4%, the percentage of which as a percentage of revenue decreased from 34.1% for the six months ended 30 September 2023 to 30.8% for the Reporting Period, mainly attributable to the improvement of research and development efficiency through the implementation of strict integrated product development processes.

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 RMB4.6 million and RMB2.3 million for the six months ended 30 September 2023 and the Reporting Period, respectively.

Other Income

Our other income increased from RMB31.3 million for the six months ended 30 September 2023 to RMB46.2 million for the Reporting Period, primarily attributable to the increase in government grants of RMB13.5 million.

Other Gains, Net

Our other gains, net increased from RMB6.3 million for the six months ended 30 September 2023 to RMB8.0 million for the Reporting Period, primarily due to the decrease in the fair value of unlisted equity investment last year.

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 RMB3.7 million for the six months ended 30 September 2023 to RMB0.7 million for the Reporting Period, primarily due to the reduction of principal and interest rate of term deposits.

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 six months ended 30 September 2023 and the Reporting Period, we had fair value changes of redeemable convertible preferred shares of a loss of RMB2,810.8 million and nil, respectively. After the completion of the Global Offering, all of such redeemable convertible preferred shares have been automatically converted to our Shares, and we will no longer recognize any further change in fair value liabilities in respect of them. The fair value of each of redeemable convertible preferred share on the conversion date is the offer price in the Global Offering.

Loss before Income Tax

As a result of the foregoing, we recorded loss before income tax of RMB3,056.6 million and loss before income tax of RMB95.1 million for the six months ended 30 September 2023 and the Reporting Period, respectively.

Income Tax Expense

We recorded income tax expense of RMB4.0 million for the Reporting Period, as compared to income tax expense of RMB1.5 million for the six months ended 30 September 2023.

Loss for the period

As a result of the foregoing, we recorded loss for the period of RMB3,058.1 million and loss for the period of RMB99.0 million for the six months ended 30 September 2023 and the Reporting Period, respectively.

Non-IFRS Measures

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

Non-IFRS Financial Measures

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

The following table reconciles our adjusted gross profit (a non-IFRS measure) and adjusted net loss (a non-IFRS measure) for the periods presented to the most directly comparable financial measure calculated and presented in accordance with IFRS, for the periods indicated.

	For the six months ended 30 September		
	2024	2023	Change
	RMB'000	*RMB'000*	*%*
Gross profit	**281,753**	237,010	18.9
Add:			
Share-based payments included in cost of revenues	**5,233**	18,328	(71.4)
Adjusted gross profit (a non-IFRS measure)	**286,986**	255,338	12.4
Loss for the period	**(99,040)**	(3,058,067)	(96.8)
Add:			
Share-based payments	**64,883**	161,306	(59.8)
Fair value changes of redeemable convertible preferred shares	**–**	2,810,841	(100.0)
Adjusted net loss (a non-IFRS measure)	**(34,157)**	**(85,920)**	**(60.2)**

Notes:

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

2. Fair value changes of redeemable convertible preferred shares arise primarily from the changes in the carrying amount of our redeemable convertible preferred shares in connection with the Pre-IPO Investments. These fair value changes are non-cash in nature. After the completion of the Global Offering, such redeemable convertible preferred shares were automatically converted into ordinary shares of our Company and one-off change in fair value of RMB2,810.8 million was recorded. No further fair value changes will be recognised thereafter.

LIQUIDITY AND CAPITAL RESOURCES

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

Cash and Cash Equivalents and Term Deposits

We had cash and cash equivalents of RMB516.6 million as at 30 September 2024, as compared to RMB234.1 million as at 31 March 2024. As of 30 September 2024, we did not have any unutilized banking facilities. Most of the cash and cash equivalents of the Group were denominated in Renminbi and U.S. dollars.

GEARING RATIO

The gearing ratio is calculated by dividing total liabilities by total assets and then multiplying by 100%. As at 30 September 2024, the Group's gearing ratio was 39.0% as compared with the gearing ratio of 39.4% as at 31 March 2024.

CONTINGENT LIABILITIES

As at 30 September 2024, we did not have any material contingent liabilities.

CAPITAL COMMITMENTS

We mainly have capital commitments with respect to purchase of fixed assets and office renovation. Capital expenditure contracted for as at 31 March 2024 and 30 September 2024 but not recognized as liabilities were as follows:

	As at 30 September 2024	As at 31 March 2024	Change
	RMB'000	*RMB'000*	*%*
Within 1 year	**88**	3,455	(97.5)

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 of the Company identifies and evaluates financial risks in close co-operation with our operating units.

Foreign Exchange Risk

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

Credit Risk

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

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

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

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

We have policies in place to ensure that trade receivables with credit terms are made to counterparties with an appropriate credit history and the management of the Company performs ongoing credit evaluations of the counterparties. The main exposure to credit risk at each of the reporting dates is the carrying value of the Group's trade receivables and contract assets.

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.

PLEDGE OF ASSETS

As at 30 September 2024, we did not pledge any of our assets.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

During the Reporting Period, save for wealth management products, we did not hold any significant investments (including any investment in an investee company with a value of 5% or more of the Company's total assets as at 30 September 2024).

The financial assets that we invested mainly include investments in wealth management products. Save for the subscriptions of the wealth management products announced by the Company on 20 May 2024 and 26 September 2024, the wealth management products subscribed by the Group during the Reporting Period did not constitute notifiable transactions under Chapter 14 of the Listing Rules.

During the Reporting Period, the Group had subscribed for certain wealth management products. The exact returns on all of these wealth management products are not guaranteed, hence their contractual cash flow do not qualify for solely payments of principal and interests. Therefore, they are measured at fair value through profit or loss. As at 30 September 2024, the aggregated outstanding principal amount of the Group's wealth management products was RMB979.1 million, and the wealth management products (measured at fair value through profit or loss) as a percentage to the Group's total asset was 57.8%. As at 30 September 2024, the outstanding principal amount of certain wealth management products subscribed by the Group from Bank of China was RMB290.0 million, and the fair value of which was RMB290.9 million, accounted for 17.1% of the Group's total assets. The expected return rate for these products from Bank of China was 1.1% to 2.73%. As at 30 September 2024, the outstanding principal amount of certain wealth management products subscribed by the Group from Xiamen International Bank Co., Ltd was RMB180.0 million, and the fair value of which was RMB180.0 million, accounted for 10.6% of the Group's total assets. The expected return rate for these products from Xiamen International Bank Co., Ltd was 0.25% to 2.70%. Save as disclosed above, as at 30 September 2024, there were no other outstanding wealth management products (in aggregate) subscribed from any single licensed bank that exceed 5% of the Group's total assets.

The following outstanding wealth management products (in aggregate) subscribed from each of the licensed banks had a percentage of over 5% to the Group's total assets as of 30 September 2024 respectively:

Subscription Date	Maturity Date	Name of Product	Name of Bank	Principal amount of subscription	Type of product and risk rating	Expected return rate	Investment scope of product	Fair value and relative size to the Group's total assets as at 30 September 2024
17 May 2024	17 February 2025	Linked Structured Deposit (institutional clients)	Bank of China	RMB40.0 million	Principal-guaranteed with guaranteed minimum return	1.1%/2.73%	AUD/USD exchange rate	RMB40.4 million; 2.4%
17 May 2024	18 February 2025	Linked Structured Deposit (institutional clients)	Bank of China	RMB50.0 million	Principal-guaranteed with guaranteed minimum return	1.1%/2.73%	AUD/USD exchange rate	RMB50.5 million; 3.0%
26 September 2024	6 November 2024	RMB Structured Deposit	Bank of China	RMB70.0 million	Principal-guaranteed with guaranteed minimum return	1.1%/2.39%	EUR/USD exchange rate	RMB70.0 million; 4.1%
26 September 2024	6 January 2025	RMB Structured Deposit	Bank of China	RMB60.0 million	Principal-guaranteed with guaranteed minimum return	1.1%/2.4%	EUR/USD exchange rate	RMB60.0 million; 3.5%
26 September 2024	8 April 2025	RMB Structured Deposit	Bank of China	RMB70.0 million	Principal-guaranteed with guaranteed minimum return	1.1%/2.48%	EUR/USD exchange rate	RMB70.0 million; 4.1%
4 September 2024	4 November 2024	Corporate Structured Deposit Product (Type E of three-intervals pegged exchange rate)	Xiamen International Bank Co., Ltd	RMB80.0 million	Principal-guaranteed with guaranteed minimum return	0.25%/ 2.40%/ 2.50%	EUR/USD exchange rate	RMB80.0 million; 4.7%
26 September 2024	2 December 2024	Corporate Structured Deposit Product (Type A of three-intervals pegged exchange rate)	Xiamen International Bank Co., Ltd	RMB100.0 million	Principal-guaranteed with guaranteed minimum return	1.50%/ 2.60%/ 2.70%	EUR/USD exchange rate	RMB100.0 million; 5.9%

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 and disposals of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

During the six months ended and as at 30 September 2024, the Group did not have plans for material investments and capital assets.

EMPLOYEES

As at 30 September 2024, we had 1,865 (as at 30 September 2023: 1,901) employees in total. For the Reporting Period, we incurred staff costs (including salaries, wages, bonuses, pension costs, other social security costs, housing benefits and other employee benefits and share-based compensation) of RMB485.9 million in total.

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

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

EVENTS AFTER THE REPORTING PERIOD

The Company is not aware of any material subsequent events after 30 September 2024 and up to the date of this announcement.

NO MATERIAL CHANGES

Since the publication of 2023/24 Annual Report on 18 July 2024, there has been no material change to the Group's business.

USE OF NET PROCEEDS FROM GLOBAL OFFERING

The Shares were listed on the Main Board of the Stock Exchange on 13 April 2023. The Company received net proceeds (after deduction of underwriting fees and commissions and estimated expenses payable by us) in connection with the Global Offering in the amount of approximately HK$155.0 million. The Company has used and intends to apply such net proceeds in accordance with the purposes as set out in the Prospectus. The details of intended application of net proceeds from the Global Offering and the actual use of net proceeds as at 30 September 2024 are set out as follows:

Item	Approximate % of total net proceeds	Net proceeds from the Global Offering *(HK$ million)*	Unutilized net proceeds from the Global Offering as at 1 April 2024 *(HK$ million)*	Utilised net proceeds from the Global Offering during the Reporting Period[(2)] *(HK$ million)*	Unutilized net proceeds from the Global Offering as at 30 September 2024 *(HK$ million)*	Expected timeline of full utilization of the net proceeds[(1)]
Further upgrade our integrated cloud-based HCM solutions						
(a) Integrate more seamlessly our cloud-based HCM solutions	15%	23.3	22.7	0.8	21.9	Before 31 December 2028
(b) Enhance the functionality and features of our Core HCM Solutions	15%	23.3	21.4	2.3	19.1	Before 31 December 2028
(c) Upgrade our other HCM solutions	5%	7.8	5.4	3.6	1.8	Before 31 December 2028
Continue to enhance our technology development capabilities						
(a) Upgrade our PaaS infrastructure	20%	31.0	30.4	0.7	29.7	Before 31 December 2028
(b) Expand R&D teams with enhanced R&D efficiency	10%	15.5	14.8	0.6	14.2	Before 31 December 2028
Strengthen our sales and marketing efforts						
(a) Expand our sales force nationwide	7%	10.9	–	–	–	Not Applicable
(b) Expand and diversify our sales and marketing channels	5%	7.8	–	–	–	Not Applicable
(c) Improve our sales and marketing technologies	3%	4.7	4.3	2.7	1.6	Before 31 December 2028
Enhance our customer success and services capabilities	10%	15.5	5.5	5.5	–	Not Applicable
Working capital and general corporate purposes	10%	15.2	2.8	2.8	–	Not Applicable
Total	100%	155.0	107.3	19.0	88.3	

Notes:

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

(2) The amount is calculated based on the benchmark exchange rate of RMB against Hong Kong Dollars as announced by the People's Republic of China on the date of this announcement (i.e. HK$1.00 to RMB0.91).

(3) The figures in the table are approximate figures.

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

INTERIM DIVIDEND

The Board did not recommend the distribution of an interim dividend for the six months ended 30 September 2024 (for the six months ended 30 September 2023: Nil).

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 as the basis of the Company's corporate governance practices.

In the opinion of the Directors, during the Reporting Period, the Company had complied with all the code provisions as set out in the CG Code. The Directors will periodically review on the Company's corporate governance policies and will propose any amendment, if necessary, to ensure compliance with the code provisions from time to time.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions since the Listing Date.

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

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

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

During the Reporting Period, the Company repurchased a total of 20,075,200 Shares (the "**Shares Repurchased**") on the Stock Exchange at an aggregate consideration (including transaction cost) of HK$89,591,860. All Shares Repurchased during the Reporting Period are held as treasury shares as of the date of this announcement. As at 30 September 2024, the Company held 20,075,200 treasury shares. Subject to compliance with the Listing Rules, the Company may consider applying such treasury shares for resale, consideration of future acquisitions, or funding existing share schemes of the Company. The repurchase was effected because the Board considered that a share repurchase in the then conditions demonstrates the Company's confidence in its own business outlook and prospects and would, in the long term, benefit the Company and create value to the Shareholders. Particulars of the Shares Repurchased for the six months ended 30 September 2024 are as follows:

Month of repurchase	No. of Shares repurchased	Highest price paid per Share *(HK$)*	Lowest price paid per Share *(HK$)*	Aggregate consideration *(HK$)*
June 2024	12,820,800	5.25	3.74	62,671,077
July 2024	2,340,200	4.50	3.73	9,583,398
August 2024	2,024,000	3.80	3.48	7,406,996
September 2024	2,890,200	3.70	3.08	9,930,389
Total	**20,075,200**			**89,591,860**

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares) for the six months ended 30 September 2024.

AUDIT COMMITTEE

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

The Audit Committee has jointly reviewed with the management of the Company the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the unaudited Interim Financial Information for the six months ended 30 September 2024) of the Group. The Audit Committee considered that the unaudited Interim Financial Information is in compliance with the applicable accounting standards, laws and regulations.

2023/24 ANNUAL REPORT– RSU PLAN

Reference is made to the section headed "Directors' Report – Share Schemes – RSU Plan" in the 2023/24 Annual Report. The Board would like to provide additional information in relation to the RSU Plan pursuant to Rule 17.07(1) (c) of the Listing Rules that the fair value of the RSUs at the dates of grant during FY2024, being 1 August 2023, 10 October 2023 and 8 January 2024, were HK$8.75, HK$5.59 and HK$4.87, respectively. Pursuant to Rule 17.07(2) of the Listing Rules, the number of RSUs available for grant under the Service Providers Limit (as defined in the 2023/24 Annual Report) was 3,417,456 Shares as at 1 April 2023 and 31 March 2024.

The above additional information does not affect other information contained in the 2023/24 Annual Report and, save as disclosed in this section, the contents of the 2023/24 Annual Report remain unchanged.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.beisen.com. The interim report of the Company for the Reporting Period containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in accordance with the requirements under the Listing Rules in due course.

APPRECIATION

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

DEFINITIONS

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

"2023/24 Annual Report"	the Group's annual report for the year ended 31 March 2024 as published on 18 July 2024
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"Audit Committee"	the audit committee of the Board
"Board", "our Board" or "Board of Directors"	the Board of Directors of our Company
"CAGR"	compound annual growth rate
"CG Code"	the Corporate Governance Code set out in Part 2 of Appendix C1 to the Listing Rules
"Chairman"	the chairman of the Board
"China" or "PRC"	the People's Republic of China, for the purposes of this announcement only, excluding Hong Kong, Macau Special Administrative Region and Taiwan
"Company"," our Company", or "the Company"	Beisen Holding Limited (北森控股有限公司), a company with limited liability incorporated in the Cayman Islands on 6 April 2018, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 9669)
"Consolidated Affiliated Entity"	entity we control wholly through the Contractual Arrangements, namely Onshore Holdco
"Director(s)"	the director(s) of the Company

"FY2024"	the year ended 31 March 2024
"FY2025"	the year ending 31 March 2025
"Global Offering"	the Hong Kong public offering and the international offering of the offer shares
"Group", "our Group", "the Group", "we", "us", "our", or "Beisen"	the Company, its subsidiaries and the Consolidated Affiliated Entity from time to time, and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries and Consolidated Affiliated Entity, such subsidiaries and Consolidated Affiliated Entity as if they were subsidiaries and Consolidated Affiliated Entity of our Company at the relevant time
"HKD" or "HK$" or "HK dollars"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong" or "Hong Kong SAR" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	13 April 2023, being the date on which the Shares were listed on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"Onshore Holdco"	Beijing Beisen Cloud Computing Co., Ltd. (北京北森雲計算股份有限公司), a company established under the laws of the PRC on 17 May 2005 and the Consolidated Affiliate Entity of our Company

"Pre-IPO Investments"	the investment(s) in the Company undertaken by the Pre-IPO Investors prior to the Global Offering, as detailed in the section headed "History, Reorganization and Corporate Structure – Pre-IPO Investments" of the Prospectus
"Pre-IPO Investor(s)"	the investors as set out in the section headed "History, Reorganization and Corporate Structure – Pre-IPO Investments" of the Prospectus
"Prospectus"	the prospectus of our Company, dated 30 March 2023, in relation to the Global Offering
"Reporting Period"	the six months ended 30 September 2024
"RMB" or "Renminbi"	Renminbi Yuan, the lawful currency of China
"RSU(s)"	restricted share unit award(s) to be granted to participants under the RSU Plan
"RSU Plan"	the restricted share unit plan of our Company adopted by the Board on 31 December 2021, and subsequently amended by the Board on 23 March 2023
"Share(s)"	ordinary share(s) in the share capital our Company, with a nominal value of US$0.0001 each prior to the Share Subdivision or US$0.00001 each upon the completion of the Share Subdivision
"Shareholder(s)"	holder(s) of our Shares
"Share Subdivision"	the subdivision of each share in the Company's issued and unissued share capital with par value of US$0.0001 each into 10 shares of the corresponding class with nominal value of US$0.00001 each
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"USD" or "US$" or "US dollar"	United States Dollar, the lawful currency of the United States of America

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

GLOSSARY OF TECHNICAL TERMS

"AI"	artificial intelligence
"AIGC"	artificial intelligence generated content
"app" or "application"	application software designed to run on smartphones and other mobile devices
"ARR" or "annual recurring revenue"	We define ARR as the annualized revenue run-rate of effective subscriptions of our cloud-based HCM solutions at a point in time. We calculate ARR by taking the monthly recurring revenue, or MRR, as of the last day of a particular month and multiplying it by 12. MRR is defined as the total contract value of effective subscriptions of our cloud-based HCM solutions, divided by the number of months within the duration of such subscriptions. Effective date of such subscriptions is provided in the relevant subscription agreements
"HCM"	human capital management
"PaaS"	platform as a service, a category of cloud computing that provides a platform and environment to allow developers to build applications over the internet
"SaaS"	software as a service, a cloud-based software licensing and delivery model on a subscription basis with centrally hosted associated data

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

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

PRC, 18 November 2024

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