This summary aims to give you an overview of the information contained in this listing document. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this listing document. You should read the entire listing document before you decide to invest in the Shares.

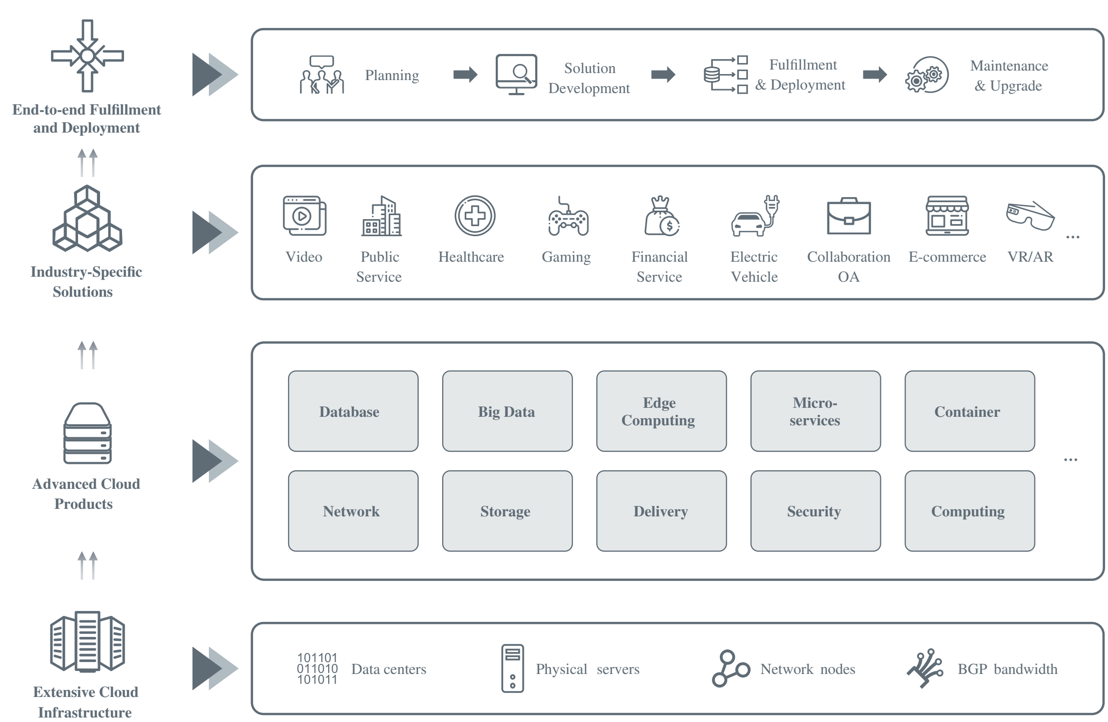
There are risks associated with any investment. Some of the particular risks in investing in the Shares are set out in "Risk Factors" in this listing document. You should read that section carefully before you decide to invest in the Shares. Various expressions used in this section are defined in the sections headed "Definitions" and "Glossary of Technical Terms."

OVERVIEW

We offer various cloud services to customers in strategically selected verticals. With extensive cloud infrastructure, advanced cloud products based on our vigorous cloud technology R&D capabilities, industry-specific solutions and end-to-end fulfillment and deployment covering all project stages for customers, we achieved business and financial growth, with a revenue growth CAGR of 51.3% from 2019 to 2021, outpacing the broader industry growth CAGR of 36.4% for China's cloud service market during the same period.

Our Cloud Platform

The following chart illustrates our cloud platform:



We provide various advanced cloud products primarily consisted of unified IaaS infrastructure and, to a lesser extent, PaaS middleware and SaaS applications which support a wide range of uses that enable our customers' diverse business objectives. The majority of our revenues are derived from IaaS and, to a lesser extent, from PaaS middleware and SaaS applications. Specifically, substantially all of our gross billings for public cloud services are generated from IaaS products, while gross billings from PaaS products, which are categorized under cloud computing products, accounted for no more than 5% of our total gross billings for public cloud services in each year/period during the Track Record Period; additionally, our enterprise cloud services primarily consisted of IaaS products, and to a lesser extent, PaaS middleware and SaaS applications. We also offer our solutions in a holistic approach by merging our cloud solutions with dedicated customer services.

Our cloud products primarily consist of cloud computing, storage and delivery. Our cloud computing products, such as Kingsoft Bare Metal Servers Elastic Physical Compute, provide on-demand high-performance computing resources, and offer customers benefits such as availability, agility, scalability and flexibility as the usage can be rapidly adapted to customers' business needs without having to make large investments in hardware as compared to IT infrastructure. In addition, we also offer other cloud computing products including cloud network, database, data warehouse, big data and security products. Our cloud storage products, such as KingStorage, provide cost-effective digitalized data storage infrastructure with high security, which can be deployed off premises or on premises upon request. Our cloud delivery products, such as Kingsoft Cloud Delivery Network, allow users utilize additional value-added services offered by us, such as large-scale storage, streaming encode and decode, and high definition video solutions, to further enhance their business operations. For details, see "Business – Our Products and Solutions – Our Cloud Products." Such products can be deployed as either (i) public cloud services, or (ii) enterprise cloud services.

Revenue Model

Our cloud products and solutions can be deployed through (i) public cloud services, and (ii) enterprise cloud services. At the choice of customers, we offer different deployment methods to cater to their business needs. Our public cloud products are able to meet customers' various demands across different selected industries. We also offer enterprise cloud deployment of our cloud products and solutions, primarily operated on-premise and dedicated to customers. We have been refining our technologies to improve of on-premise deployed enterprise cloud services, enabling customers to enjoy the benefit of public cloud services, such as reliability and scalability. For example, our Galaxy Stack essentially allows customers to deploy a public cloud architecture within their internal IT infrastructure, so that they can have the same experience as public cloud services within their IT premise, while retaining control.

The following table illustrates details of our cloud services:

Category	Underlying Technology	Revenue and Fee Model	Deployment	Key Benefits to Customers
Public cloud services	Both public cloud services and enterprise cloud services, are developed based on the same suite of underlying public cloud technology capabilities.	Usage basis – based on utilization and duration. Customers are typically charged a monthly service fee based on the actual consumption of cloud products.	Operated on off-premise infrastructure and can be delivered over the internet. Such off-premise infrastructure is owned or leased by us. Underlying infrastructure can be shared by any customer. Our agreements with public cloud customers are typically one to three years, which can be renewed upon mutual agreement.	• Low cost of ownership and maintenance costs • On-demand scalability • High reliability
Enterprise cloud services		• For enterprise cloud services originated by our Group: Revenue is recognized at a point in time based on performance completion. Customers are typically charged on a project basis with a pre-determined service fee pursuant to negotiations with the customers. • For enterprise cloud services offered by Camelot Group: Revenue is recognized over time as service is performed. Customers are typically charged based on performance completed to date. Service fees are pursuant to negotiations with customers.	Operated on on-premise infrastructure. Underlying infrastructure is dedicated to specific customers. We help customers establish cloud environment on the infrastructure, such as setting up network and architecture, installation of management software, configuration of system and connection, among others. Duration of enterprise cloud service projects varies from project to project based on the actual workload, and usually ranges from 3 to 9 months, as applicable.	• High control over security and privacy • Compliance with regulatory standards • Customizable to cater to specific business needs

For details, see "Business – Our Products and Solutions – Revenue Model."

Competitive Landscape

Since 2018, China has become the second largest cloud service market globally in terms of revenue, following the U.S.. China's cloud service market size increased from US$12.7 billion in 2017 to US$45.4 billion in 2021, representing a CAGR of 37.5%, and is expected to reach US$120.0 billion in 2026, representing a CAGR of 21.4% from 2021 to 2026. In addition, China's cloud service market is well positioned for further growth potential. The cloud service penetration rate in China was 9.7% in 2021, as compared to 22.1% in the U.S.. As the world's second largest cloud service market, China is entering a new phase of digitalization. We are the fourth largest cloud service provider in China in terms of total revenues with a market share of 3.1% in 2021 and the aggregate market shares of the other top five players in China's cloud service market in 2021 were 24.7%, 11.1%, 6.9%, and 3.0%, respectively. For details, see "Industry Overview – Competitive Landscape."

With an increasing number of non-internet enterprises and organizations accelerating their digitalization, adopting cloud-native technologies that were incubated in internet space, is now widely acknowledged, and demanded by them. Furthermore, due to the intensive competition in China's cloud service market in the past few years, cloud service providers have been competing for customers by, among other means, pricing more competitively. As a result, we may sometimes offer more competitive prices to acquire and maintain customers. See "Risk Factors – Risks Relating to Our Business and Industry – The market in which we participate is competitive, and if we do not compete effectively, our business, results of operations and financial condition could be harmed." In the past few years, the cloud service market have experienced a price competition to acquire customers. However, in the last two years, cloud service providers has gradually quit the price competition and slowed down the price reduction. The pricing competition is expected to be gradually eased in the next five years, as cloud service providers have started to shift their business focus in 2022 from revenue expansion to acquire market shares towards enhancing profitability. Historically, to retain and acquire market shares, we may actively reduce our prices to remain competitive with peers and focus less on our overall profitability. The overall price decrease of other key market players have been narrowed. For example, the year-on-year price reduction percentage for CDN products was approximately 26% in 2019, 13% in 2020, 7% in 2021 and estimated to be 3% in 2022, and the year-on-year price reduction percentage for certain public cloud high performance computing products was approximately 5% in 2019, 4% in 2020, 1% in 2021 and estimated to be stable in 2022. We have taken into considerations of both our profitability, and our ability to retain and acquire premium customers and high quality projects in our product pricing. In the first half of 2022, the prices of our key products have either increased, or the price reduction have been narrowed. Leading cloud service providers are expected to focus more on cloud products developed based on enhanced technology and have relatively higher profit margins. The business strategies of cloud service providers are expected to switch from revenue or scale orientation to profit orientation, driving the cloud service industry to enter an orderly development phase.

OUR COMPETITIVE STRENGTHS

With our strategic vision and focus on quality execution over the years, we have created a moat to maintain competitive advantages and become an established cloud service provider:

- Cloud service provider with established market presence and business scale, becoming a brand for neutrality and trust;
- End-to-end cloud solution provider that offers high quality in-house fulfillment and deployment with advanced cloud products, leveraging our insights and capabilities in enterprise services;
- Strategic vertical expansion with proven track record;
- Customer-centric product development;
- Strong customer conversion capabilities and go-to-market efficiencies; and
- Experienced management team and strong synergies with our strategic shareholders.

For a detailed discussion of these strengths, see "Business – Our Competitive Strengths."

OUR STRATEGIES

Our growth strategies are as follows, which we believe would empower us to further achieve growth and a stronger market position:

- Strengthen our market position in strategically selected verticals;
- Enhance our presence in new verticals and grow our customer base;
- Enhance our end-to-end solution and in-house fulfillment and deployment capabilities;
- Continue to invest in infrastructure and technology;
- Capitalize on scale advantages and improve operational efficiency; and
- Enhance our collaborations with business partners.

For a detailed discussion of these strategies, see "Business – Our Strategies."

OUR CUSTOMERS

We primarily focus on providing high-quality enterprise-grade cloud products and solutions to enterprises and organizations. Our platform has gathered a broad and diverse customer base, which has expanded rapidly since our inception. For the year ended December 31, 2021, we had 7,951 customers across a wide array of industry verticals, such as video, public service, healthcare, gaming and financial service, among others. We strategically focus on cooperating with industry leaders to complete featured projects to demonstrate our technological capabilities and the advantages of our cloud products and solutions. The total number of our Premium Customers increased from 243 in 2019 to 322 in 2020, and further to 597 in 2021.

We have been diversifying our customer base through further penetration in selected verticals and entering into new verticals. Our top five customers in each year/period during the Track Record Period in aggregate accounted for 65.7%, 61.5%, 50.5% and 50.9% of our total revenues in 2019, 2020 and 2021 and the six months ended June 30, 2022, respectively. Our largest customer in each year/period during the Track Record Period accounted for 30.9%, 28.1%, 21.9% and 19.3% of our total revenue for 2019, 2020 and 2021 and the six months ended June 30, 2022, respectively. For details, see “Business – Customers and Customer Support – Customers.”

OUR SUPPLIERS

Our suppliers primarily consist of IDC operators, telecommunication operators and server providers. Our top five suppliers in each year/period during the Track Record Period in aggregate accounted for 31.8%, 28.1%, 22.0% and 21.7% of our total purchases in 2019, 2020 and 2021 and the six months ended June 30, 2022, respectively. Our largest supplier in each year/period during the Track Record Period accounted for 10.0%, 9.3%, 8.5% and 8.7% of our total purchases for 2019, 2020 and 2021 and the six months ended June 30, 2022, respectively. For details, see “Business – Suppliers and Procurement.”

BUSINESS SUSTAINABILITY AND PATH TO PROFITABILITY

We were loss-making during the Track Record Period. Due to our continuous investment in infrastructure and technology, we have recorded operating loss since our establishment. At the early stage of China’s cloud service market and our business development, in line with other major market players, we were more focused on revenue expansion to acquire market shares and premium customers, rather than profitability. However, as it is common for IaaS cloud service providers in the PRC to sustain operating losses for long period, which is typically over 12 years before turning profitable, and the cloud service industry is subject to rapid technological change and our technologies may become obsolete, we may not be able to achieve profitability as planned.

Despite the history of operating losses, we have accumulated extensive cloud infrastructure, advanced cloud-native products, industry-specific solutions an end-to-end fulfillment and deployment capabilities covering all project stages, thereby establishing a solid foundation for long-term development and profitability. We achieved business and financial growth, with a revenue growth CAGR of 51.3% from 2019 to 2021. In 2019, 2020 and 2021, and the six months ended June 30, 2022, we incurred net loss of RMB1,111.2 million, RMB962.2 million, RMB1,591.8 million (US$249.8 million), and RMB1,365.3 million (US$203.8 million) respectively, and incurred adjusted net loss (Non-GAAP Financial Measure) of RMB989.9 million, RMB632.1 million, RMB1,157.4 million (US$181.6 million), and RMB1,158.5 million (US$173.0 million), respectively in 2019, 2020 and 2021, and the six months ended June 30, 2022. In the same periods, our gross profit was RMB7.7 million, RMB357.0 million, RMB351.3 million (US$55.1 million) and RMB145.2 million (US$21.7 million) respectively. As a result of our net loss, we recorded net operating cash outflows of RMB439.1 million, RMB290.4 million, RMB708.9 million (US$111.2 million) in 2019, 2020 and 2021, respectively, and RMB282.4 million (US$42.2 million) for the six months ended June 30, 2022. Nonetheless, we have been increasingly focused on profitability and liquidity management and have achieved a positive net operating cash flow of RMB343.6 million in the second quarter of 2022 and RMB100.9 million in the third quarter of 2022, despite of the challenges brought by resurgence of COVID-19 in the first half of 2022.

We achieved positive net operating cash flow in the second and third quarters of 2022 primarily because of improvement of accounts receivable recoveries and accounts payables. Our recoveries of accounts receivable improved significantly, as demonstrated by (i) the RMB588.8 million and RMB210.4 million decrease of accounts receivable were in the second quarter and in the third quarter, respectively, compared with an increase of accounts receivable of RMB24.3 million in the first quarter, and (ii) other than Camelot Group, cash payments from Kingsoft Cloud's customers amounting to RMB5,439 million and RMB5,355 million for the nine months ended September 30, 2021, and 2022, respectively, representing 87.8% and 123.1% of revenues for the same periods, respectively, demonstrating our improved collection of accounts receivable in 2022. The improvement was mainly due to (i) our enhanced collection efforts, such as adjusting our monthly accounts collection targets as well as promptly following up with collection of accounts receivable; and (ii) our stringent project selection favoring customers with strong liquidity position and low credit risk. In addition, our accounts payable decreased by RMB165.6 million and increased by RMB7.5 million in the second quarter and the third quarter, respectively, compared with a decrease of RMB339.3 million in the first quarter. The improvement was primarily due to our enhanced payment management, such as adjusting our monthly payment plans and firming our payment approval process.

Our gross profit margin, net loss, adjusted net loss (Non-GAAP Financial Measure) and net operating cash outflows during the Track Record Period was mainly driven by the substantial upfront investment we made in cloud infrastructure and operating expenses to support long-term business growth. Among these substantial costs and expenses, IDC costs have been the largest component of our cost of revenues, which include, among others, upfront procurement of cloud resources essential for our cloud products. Specifically, IDC costs include costs for bandwidth and racks, accounting for 72.2%, 61.7%, 56.3% and 52.4% of our total revenues in 2019, 2020 and 2021, and the six months ended June 30, 2022, respectively. Our solution development and services costs elevated in 2022 due to our strategic focus on enhancing delivery and implementation of enterprise cloud services, accounting for 23.7% of our total revenues for the six months ended June 30, 2022, as compared to 0.5% for the six months ended June 30, 2021. Additionally, our net loss and net operating cash outflows were also partially driven by our spending in operating expenses, which is critical to upgrade our cloud technology and promote our brand. There was a lack of improvement in our operating expenses as a percentage of total revenues during the Track Record Period. Our operating expenses as a percentage of total revenue was 29.1%, 23.8%, 23.9% and 30.2% in 2019, 2020 and 2021, and the six months ended June 30, 2022 respectively. Specifically, our operating expenses consist of (a) research and development expenses incurred to upgrade our infrastructure, improve our cloud technology and develop new products and solutions, accounting for 15.1%, 11.8%, 11.6% and 11.5% of our total revenues during the same periods, respectively, (b) general and administrative expenses mainly consisting of staff expenses and credit losses, accounting for 6.0%, 5.8%, 6.6% and 11.6% of our total revenues during the same periods, respectively, and (c) selling and marketing expenses incurred to promote our cloud products and solutions, accounting for 8.0%, 6.2%, 5.7% and 7.1% of our total revenues during the same periods, respectively. The slight increase in our operating expenses as a percentage of total revenue from 2020 to 2021 was mainly due to the increase in general and administrative expenses as a percentage of total revenue, primarily attributable to the increase in staff compensation from 2020 to 2021 as a result of our increased general and administrative personnel. The increase in our operating expenses as a percentage of total revenue in the six months ended June 30, 2022 was mainly attributable to (i) the increase in selling and marketing expenses as a percentage of total revenue, primarily attributable to the amortization expenses as a result of recognized customer relationship following the acquisition of Camelot Group, and (ii) the increase in general and administrative expenses as a percentage of total revenue, primarily attributable to (a) the decrease in our revenues other than Camelot Group from the six months ended June 30, 2021 to the six months ended June 30, 2022, (b) the increase in staff expenses (excluding share-based compensation), and (c) the increase in credit losses. The increase in staff compensation (excluding share-based compensation) as percentage of total revenues from 1.5% in the first half of 2021 to 3.7% in the first half of 2022 was mainly due to our consolidation of Camelot Group, whose general and administrative staff expenses (excluding share-based compensation) accounted for 5.1% of Camelot Group's revenues in the first half of 2022. The increase in credit losses was primarily due to the increased provisions made on account receivables that may have recoverability issues. For details, see "Business–Business Sustainability and Path to Profitability – Improve Operational Efficiency Through Economies of Scale."

Our gross profit margin improved from 0.2% in 2019 to 5.4% in 2020, but decreased to 3.9% in 2021 and further declined to 3.6% for the six month ended June 30, 2022. The decline was primarily due to tightened regulations towards the internet sector since the second half of 2021 and the resurgence of COVID-19 in the first half of 2022 as detailed below.

To maintain business sustainability and achieve profitability, we plan to:

- **continue strategic business adjustments to focus on profitability**. To enhance efficiency and cost control, we have made strategic adjustments including (i) downsizing of CDN products, (ii) the decision to focus on high-quality enterprise cloud projects, and (iii) optimize our resources in an effort to improve overall profitability, sustainability and long-term competitive edge. As a result of these efforts, we have narrowed gross loss margin for public cloud services from (4.0%) in the second half of 2021 to (2.9%) in the first half of 2022. Going forward, we plan to continue to diversify our premium customer base, optimize resources, and stabilize prices, while focusing more on public cloud products with relatively higher profit margins. For enterprise cloud services, in the first half of 2022, we made a strategic decision to focus on high-quality projects. Specifically, we currently request all potential projects to be submitted for review and approval by a designated committee led by our CEO. During the review and approval process, we will consider (i) profitability considering the contract value, estimated human resources and fulfillment costs, (ii) whether the projects involve a considerable portion of our core products such as computing, storage, big data, container, etc., (iii) whether the projects are within our strategically selected verticals; (iv) the customers' credibility, financial and liquidity condition; and (v) risk of delay in acceptance by customer. We believe that the enhanced project selection process has a positive impact on our profitability, liquidity position and cash flow. This is evidenced by our enhanced gross profit margin since the first half of 2022 and positive operating cash flow since the second quarter of 2022. Such selection criteria forms a part of our strategy to expand enterprise cloud services. We will continue to focus on and further penetrate into strategically selected verticals, and will select high quality projects to ensure sustainability and profitability;

- **continue to benefit from the integration of Camelot Group**. We acquired Camelot Group in September 2021, and we expect our business and profitability will benefit from such acquisition through (i) synergies achieved with Camelot Group, and (ii) the stable and profitable business of Camelot Group. We expect to benefit from our acquisition of Camelot Group in the development of our enterprise cloud services by leveraging Camelot Group's nationwide project execution capacities and resources across China, deep industry know-how, and long-standing client relationships, among others. Moreover, in 2019, 2020, 2021 (prior to and after our acquisition of Camelot Group) and the six months ended June 30, 2022, the gross profit margin of Camelot Group was 22.5%, 24.7%, 21.1%, 20.8% and 14.9% respectively, and the net profit margin of Camelot Group was 6.7%, 6.5%, 3.5%, 6.7% and 0.1%, respectively. We expect our consolidated profitability will benefit from the consolidation of Camelot Group's profitable results of operations;

- **continue driving business development and optimizing our service mix** with an increasing focus on enterprise cloud services, where we see favorable market trends and sustainable growth potential with a more favorable gross margin profile. As compared to public cloud services, enterprise cloud services have recorded higher gross profit margins during the Track Record Period and require relatively low capital expenditure requirement for us, as customers are typically responsible for the costs of underlying equipment and cloud resources, such as IDC and servers. Our revenue grew at a CAGR of 51.3% from 2019 to 2021, ranking second among major leading cloud service providers in China in terms of total cloud service revenue CAGR from 2019 to 2021. With our accumulated industry knowledge and know-how, our enterprise cloud services has been outgrowing public cloud services in the Track Record Period, and its revenue amounted to an increasing portion of our total revenues during the Track Record Period, being 12.3% in 2019, 20.9% in 2020, 32.0% in 2021, and 34.5% in the six months ended June 30, 2022;

- **effectively manage costs of revenue** by optimizing modularized products, re-utilizing proven solution components, and better aligning infrastructure resources with our strategic business focuses. Moreover, we have strategically adjusted our business focus to downsize our CDN products since 2022, which we believe will enable us to better manage our IDC cost, thereby optimizing our overall cost structure to drive gross profit margin improvements. These efforts are expected to allow us to deliver solutions and services in a more efficient manner. We have significantly improved our gross profit, achieving gross profit breakeven in 2019, and achieved a gross profit margin of 3.9% in 2021; and

- **improve operational efficiency through economies of scale**, as we continue to scale our business as an established player in the cloud service market, the major components of our operating expenses, namely staff expenses, generally do not increase proportionately with our revenue growth. We have been dedicated to enhancing our ability to manage and control our operating expenses. We will also continue to optimize human resources management and enhance overall operational efficiency. We expect that our operating expenses as a percentage of total revenue will decrease in the long term as we further improve operational efficiency going forward.

For details, see "Business – Business Sustainability and Path to Profitability."

Despite our continued efforts to maintain business sustainability and achieve profitability, we expect to record an increase of net losses and, including for the year ending December 31, 2022, as we expect to continue to invest in the cloud infrastructure and incur a substantial amount of IDC costs and operating expenses to support our business operations. Our Directors expect our Group to record positive operating cash flow before we achieve net profit breakeven, including for the fourth quarter of 2022, on the basis that (i) we expect to incur large amount of depreciation and amortization, which is a non-cash item and shall be adjusted in the reconciliation from net loss to net cash generated from operating activities, and (ii) our net loss is expected to be narrowed. Based on the foregoing, the discussion with the Directors and senior management of the Company and the independent due diligence conducted by the Joint Sponsors, the Joint Sponsors concur with the Directors' view.

RISK FACTORS

Our operations and the Introduction involve certain risks and uncertainties, some of which are beyond our control and may affect your decision to invest in us and/or the value of your investment. See "Risk Factors" for details of our risk factors, which we strongly urge you to read in full before making an investment in our Shares. Some of the major risks we face include:

- We have experienced rapid growth and expect our growth to continue, but if we fail to effectively manage our growth, then our business, results of operations and financial condition could be adversely affected.

- We have a history of net loss and we may not be able to achieve or subsequently maintain profitability.

- We are continuously optimizing and expanding our infrastructure and investing substantially in our research and development, which may negatively impact our cash flow, and may not generate the results we expect to achieve.

- We have recorded negative cash flows from operating activities historically. If we fail to collect accounts receivable from our customers in a timely manner, our business operations and financial results may be materially and adversely affected.

- If we do not compete effectively, our business, results of operations and financial condition could be harmed.

- The COVID-19 pandemic has disrupted our and our business partners' operations and it may continue to do so.

- Data loss, security incidents and attacks on our platform, products or solutions, or our global network infrastructure could lead to significant costs and disruptions.

- Significant impairment of our goodwill and intangible assets could materially impact our financial position and results of our operations.

- There are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations, and rules relating to the agreements that establish the Contractual Arrangements for our operations in China, including potential future actions by the PRC government, which could affect the enforceability of our contractual arrangements with our Consolidated Affiliated Entities and, consequently, significantly affect the financial condition and results of operations performance of our Company.

CONTRACTUAL ARRANGEMENTS

As disclosed in the section headed "Contractual Arrangements" in this listing document, it was not viable for our Company to hold the Consolidated Affiliated Entities directly through equity ownership. Therefore, in order for our Company to effectively control and enjoy the entire economic benefit of the Consolidated Affiliated Entities, a series of Contractual Arrangements have been entered into among the WFOEs, the Consolidated Affiliated Entities and the Registered Shareholders. The Contractual Arrangements enable us to (i) receive substantially all of the economic benefits derived from our Consolidated Affiliated Entities in consideration for the services provided by the WFOEs to the Consolidated Affiliated Entities; (ii) exercise effective control over the Consolidated Affiliated Entities; and (iii) hold an exclusive option to purchase the equity interests and assets in the Consolidated Affiliated Entities to the extent permitted by PRC law. For further details, please see the section headed "Contractual Arrangements".

RELATIONSHIP WITH KINGSOFT CORPORATION

Immediately upon completion of the Introduction (without taking into account any additional Shares which may be issued under the Equity Incentive Plans), Kingsoft Corporation will be interested in 1,423,246,584 Shares, representing approximately 37.40% of the issued share capital of our Company and will remain as the controlling shareholder of our Group within the meaning under the Listing Rules after the Listing.

Immediately prior to our listing on the Nasdaq, our Company was a non-wholly owned subsidiary of Kingsoft Corporation. The spin-off of our Company from the Kingsoft Group for a separate listing of ADSs on the Nasdaq, which constituted a major transaction of Kingsoft Corporation, was approved by its shareholders in March 2020 pursuant to paragraph 3(e)(1) of Practice Note 15 and Chapter 14 of the Listing Rules. Following completion of the spin-off and separate listing on May 8, 2020, Kingsoft Cloud ceased to be a subsidiary and has been accounted as an associate of Kingsoft Corporation. For details of the spin-off and separate listing of our Company, see "History, Development and Corporate Structure – Spin-off from Kingsoft Group and Listing on the Nasdaq."

STRATEGIC COOPERATION AND ANTI-DILUTION FRAMEWORK AGREEMENTS

On January 27, 2022 and January 29, 2022, our Company entered into strategic cooperation and anti-dilution framework agreements with Kingsoft Corporation and Xiaomi, respectively, pursuant to which the parties agree, among other things, to form a strategic cooperation with each other in respect of products, services and solutions under various potential business fields. In addition, as part of their agreement to continuously explore strategic cooperation opportunities with each other, we grant an anti-dilution option to each of Kingsoft Corporation and Xiaomi, where they are, subject to certain exceptions, entitled to subscribe such number of Shares to maintain their respective existing shareholding in our Company upon completion of such placing and issuance of new Shares by the Company. For details relating such option and the relevant exceptions, see the paragraph headed "History, Development and Corporate Structure – Strategic Cooperation and Anti-Dilution Framework Agreements."

CONNECTED TRANSACTIONS

We have entered into a number of partially exempt and non-exempt connected transactions with Kingsoft Group and Xiaomi Group, respectively, including (i) intellectual property licenses by Kingsoft Corporation; (ii) provision of cloud services to Kingsoft Group; (iii) provision of comprehensive property management and administrative services from Kingsoft Group; (iv) provision of cloud services to Xiaomi Group; (v) purchase of customized terminal devices and software from Xiaomi Group; and (vi) Finance Leases provided by Xiaomi Group. Please refer to the section headed "Connected Transactions" for further details.

Based on further details as set out the section headed "Connected Transactions", our Directors (including the independent non-executive Directors) are of the view, and the Joint Sponsors concur based on the due diligence performed, that the partially-exempt continuing connected transactions and the non-exempt continuing connected transactions have been and will be entered into in the ordinary and usual course of business on terms which a party could obtain if the transactions were on an arm's length basis and on terms which are not more or less favourable to the Group than terms available to or from Independent Third Parties, are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

SUMMARY OF KEY FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, extracted from the Accountants' Report set out in Appendix IA. The summary consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to "Financial Information" of this listing document, as well as the consolidated financial statements in this listing document, including the related notes. Our consolidated financial information was prepared in accordance with U.S. GAAP.

Summary Consolidated Statements of Comprehensive Profit or Loss

The table below sets forth our consolidated statements of profit or loss for the periods indicated derived from the Accountants' Report included in Appendix IA:

	For the Year Ended December 31,							For the Six Months Ended June 30,					
	2019		2020		2021			2021		2022			
	RMB	*%*	*RMB*	*%*	*RMB*	*US$*	*%*	*RMB*	*%*	*RMB*	*US$*	*%*	
								(unaudited)					
	(in thousands, except for percentages)												
Selected Consolidated Statements of Operation:													
Total revenues	**3,956,353**	**100.0**	**6,577,307**	**100.0**	**9,060,784**	**1,421,835**	**100.0**	**3,987,219**	**100.0**	**4,080,307**	**609,174**	**100.0**	
Cost of revenues	(3,948,644)	(99.8)	(6,220,324)	(94.6)	(8,709,496)	(1,366,710)	(96.1)	(3,752,234)	(94.1)	(3,935,145)	(587,502)	(96.4)	
Gross profit	**7,709**	**0.2**	**356,983**	**5.4**	**351,288**	**55,125**	**3.9**	**234,985**	**5.9**	**145,162**	**21,672**	**3.6**	
Total operating expenses	**(1,151,243)**	**(29.1)**	**(1,564,233)**	**(23.8)**	**(2,163,680)**	**(339,529)**	**(23.9)**	**(907,586)**	**(22.8)**	**(1,230,030)**	**(183,639)**	**(30.2)**	
Operating loss	**(1,143,534)**	**(28.9)**	**(1,207,250)**	**(18.4)**	**(1,812,392)**	**(284,404)**	**(20.0)**	**(672,601)**	**(16.9)**	**(1,084,868)**	**(161,967)**	**(26.6)**	
Net loss	**(1,111,199)**	**(28.1)**	**(962,198)**	**(14.6)**	**(1,591,756)**	**(249,781)**	**(17.6)**	**(602,807)**	**(15.1)**	**(1,365,284)**	**(203,832)**	**(33.5)**	
Net loss attributable to:													
Kingsoft Cloud Holdings Limited	(1,111,199)	(28.1)	(962,259)	(14.6)	(1,588,712)	(249,303)	(17.5)	(602,818)	(15.1)	(1,356,246)	(202,483)	(33.2)	
Non-controlling interests	–	–	61	0.0	(3,044)	(478)	(0.1)	11	0.0	(9,038)	(1,349)	(0.3)	
	(1,111,199)	(28.1)	(962,198)	(14.6)	(1,591,756)	(249,781)	(17.6)	(602,807)	(15.1)	(1,365,284)	(203,832)	(33.5)	

Non-GAAP Financial Measure

In evaluating our business, we consider and use certain non-GAAP measures, including adjusted EBITDA (Non-GAAP Financial Measure), adjusted EBITDA margin (Non-GAAP Financial Measure), adjusted net loss (Non-GAAP Financial Measure) and adjusted net loss margin (Non-GAAP Financial Measure), as supplemental measures to review and assess our operating performance. The presentation of these non-GAAP financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with U.S. GAAP. We present these non-GAAP financial measures because they are used by our management to evaluate our operating performance and formulate business plans. We also believe that the use of these non-GAAP measures facilitates investors' assessment of our operating performance.

These non-GAAP financial measures are not defined under U.S. GAAP and are not presented in accordance with U.S. GAAP. These non-GAAP financial measures have limitations as analytical tools. One of the key limitations of using these non-GAAP financial measures is that they do not reflect all items of income and expense that affect our operations. Further, these non-GAAP measures may differ from the non-GAAP information used by other companies, including peer companies, and therefore their comparability may be limited.

We compensate for these limitations by reconciling these non-GAAP financial measures to the nearest U.S. GAAP performance measure, all of which should be considered when evaluating our performance. We encourage you to review our financial information in its entirety and not rely on a single financial measure.

Adjusted Net Loss and Adjusted EBITDA (Non-GAAP Financial Measure)

We define adjusted net loss (Non-GAAP Financial Measure) as net loss excluding share-based compensation, which is non-cash in nature, and we define adjusted net loss margin (Non-GAAP Financial Measure) as adjusted net loss (Non-GAAP Financial Measure) as a percentage of revenues. We define adjusted EBITDA (Non-GAAP Financial Measure) as adjusted net loss (Non-GAAP Financial Measure) excluding interest income, interest expense, income tax expense and depreciation and amortization, and we define adjusted EBITDA margin (Non-GAAP Financial Measure) as adjusted EBITDA (Non-GAAP Financial Measure) as a percentage of revenues. The following tables reconcile our adjusted net loss (margin) (Non-GAAP Financial Measure) and adjusted EBITDA (margin) (Non-GAAP Financial Measure) in 2019, 2020 and 2021 and the six months ended June 30, 2021 and 2022 to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP.

Share-based compensation is non-cash expense arising from share-based incentive awards to selected executives, employees and consultants.

	For the Year Ended December 31,				For the Six Months Ended June 30,		
	2019	2020	2021		2021	2022	
	RMB	*RMB*	*RMB*	*US$*	*RMB*	*RMB*	*US$*
					(unaudited)		
	(in thousands, except for percentages)						
Net loss	**(1,111,199)**	**(962,198)**	**(1,591,756)**	**(249,781)**	**(602,807)**	**(1,365,284)**	**(203,832)**
Net loss margin	(28.1%)	(14.6%)	(17.6%)		(15.1%)	(33.5%)	
Adjustment:							
Share-based compensation	121,279	330,114	434,350	68,159	199,205	206,739	30,865
Adjusted net loss (Non-GAAP Financial Measure)	**(989,920)**	**(632,084)**	**(1,157,406)**	**(181,622)**	**(403,602)**	**(1,158,545)**	**(172,967)**
Adjusted net loss margin (Non-GAAP Financial Measure)	(25.0%)	(9.6%)	(12.8%)		(10.1%)	(28.4%)	
Adjusted net loss (Non-GAAP Financial Measure)	**(989,920)**	**(632,084)**	**(1,157,406)**	**(181,622)**	**(403,602)**	**(1,158,545)**	**(172,967)**
Adjustments:							
Interest income	(78,612)	(77,118)	(71,942)	(11,289)	(36,673)	(38,647)	(5,770)
Interest expense	4,925	9,453	52,040	8,166	10,555	68,273	10,193
Income tax expense/(benefit)	9,003	14,904	15,741	2,470	6,755	(5,153)	(769)
Depreciation and amortization	604,581	758,038	855,604	134,263	369,589	578,237	86,329
Adjusted EBITDA (Non-GAAP Financial Measure)	**(450,023)**	**73,193**	**(305,963)**	**(48,012)**	**(53,376)**	**(555,835)**	**(82,984)**
Adjusted EBITDA margin (Non-GAAP Financial Measure)	(11.4%)	1.1%	(3.4%)		(1.3%)	(13.6%)	

Listing expenses of approximately RMB92.0 million are expected to be recognized in our consolidated statements of comprehensive loss.

We derive our revenues primarily from (i) public cloud services and (ii) enterprise cloud services. 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 Year Ended December 31,							For the Six Months Ended June 30,				
	2019		2020		2021			2021		2022		
	RMB	*%*	*RMB*	*%*	*RMB*	*US$*	*%*	*RMB*	*%*	*RMB*	*US$*	*%*
								(unaudited)				
	(in thousands, except for percentages)											
Revenues												
Public cloud services												
Computing	1,019,182	25.8	1,579,701	24.0	2,083,803	326,994	23.0	994,758	24.9	1,204,597	179,842	29.5
Storage	298,803	7.6	283,770	4.3	266,422	41,807	2.9	137,440	3.4	134,876	20,136	3.3
Delivery	2,140,858	54.0	3,303,380	50.2	3,808,860	597,694	42.0	1,810,412	45.4	1,330,478	198,635	32.7
Total Public Cloud Services Revenues	3,458,843	87.4	5,166,851	78.5	6,159,085	966,495	68.0	2,942,610	73.8	2,669,951	398,613	65.5
Enterprise cloud services												
KC Enterprise Cloud Services	486,308	12.3	1,372,689	20.9	2,079,289	326,286	22.9	1,042,177	26.1	271,713	40,566	6.7
Camelot Group	–	–	–	–	818,528	128,445	9.0	–	–	1,137,370	169,805	27.9
Total Enterprise Cloud Services Revenues	486,308	12.3	1,372,689	20.9	2,897,817	454,731	32.0	1,042,177	26.1	1,409,083	210,371	34.5
Others	11,202	0.3	37,767	0.6	3,882	609	0.0	2,432	0.1	1,273	190	0.0
Total Revenues	3,956,353	100.0	6,577,307	100.0	9,060,784	1,421,835	100.0	3,987,219	100.0	4,080,307	609,174	100.0

* For public cloud services, revenues of computing, storage and delivery are estimated in proportion to the respective gross billings from such services. For enterprise could services, revenues of Camelot Group are only included since the acquisition in September 2021.

Our revenue increased by 2.3% from RMB3,987.2 million for the six months ended June 30, 2021 to RMB4,080.3 million (US$609.2 million) for the six months ended June 30, 2022, driven by the solid growth of our core cloud offerings, including cloud computing products and enterprise cloud services. However, our revenue growth in the first half of 2022 was negatively affected by (i) the resurgence of COVID-19 in 2022, (ii) challenging macroeconomic environment, and (iii) our strategic adjustments including (a) for public cloud services, our strategic adjustment to downsize our CDN products, and (b) for enterprise cloud services, our decision to focus on high-quality projects in an effort to improve overall profitability, sustainability and long-term competitive edge. We believe that such strategic adjustments may currently have a negative impact on our revenue growth, but will enable us to better manage cost, thereby optimizing our overall cost structure to drive gross profit margin improvements in the long run. Our revenues increased by 37.8% from RMB6,577.3 million in 2020 to RMB9,060.8 million (US$1,421.8 million) in 2021, which was attributable to an increase by 111.1% in the revenue generated by enterprise cloud services, and an increase by 19.2% in the revenue generated by public cloud services over the same periods. Our revenues increased by 66.2% from RMB3,956.4 million in 2019 to RMB6,577.3 million in 2020, which was attributable to an increase by 182.3% in the revenue generated by enterprise cloud services, and an increase by 49.4% in the revenue generated by public cloud services, over the same periods. The cloud service market in China, including our business was impacted in 2022 by the resurgence of COVID-19 and the related measures. Our revenue from Kingsoft Cloud enterprise cloud services decreased from RMB1,042.2 million in the six months ended June 30, 2021 to RMB271.7 million (US$40.6 million) for the six months ended June 30, 2022, which mainly attributable to (i) our decision to focus on high-quality projects in an effort to improve overall profitability, sustainability and long-term competitive edge, (ii) travel restriction measures which limit our ability to provide on-site services, and negatively affected project bidding and deployment (see "– Impacts of COVID-19"); and (iii) decreased budget from customers in the challenging economic environment.

Our cost of revenues increased by 4.9% from RMB3,752.2 million for the six months ended June 30, 2021 to RMB3,935.1 million (US$587.5 million) for the six months ended June 30, 2022, primarily attributable to (i) an increase in solution development and services costs by RMB944.1 million primarily due to our integration with Camelot Group to develop and deliver the end-to-end solutions that our customers increasingly demand, (ii) an increase in depreciation and amortization costs by RMB137.3 million which was largely in line with our property and equipment growth rate as we expanded and optimized our infrastructure to support business growth, partially offset by a decrease of RMB229.3 million of IDC costs mainly due to our proactive scale-down of CDN products and a decrease of RMB704.9 million of fulfillment costs due to the decrease of other enterprise cloud services that was negatively impacted by COVID.

Our cost of revenues increased by 40.0% from RMB6,220.3 million in 2020 to RMB8,709.5 million (US$1,366.7 million) in 2021, primarily driven by (i) an increase in IDC costs to support our business expansion, (ii) an increase in fulfillment costs, which was in line with the increase in our revenues, and (iii) a significant increase in solution development and services cost due to an increase in the number of our solution development and services personnel primarily as a result of our acquisition of Camelot Group and as we expanded our deployment team to support our business growth. Our cost of revenues increased by 57.5% from RMB3,948.6 million in 2019 to RMB6,220.3 million in 2020, primarily driven by (i) an increase in IDC costs to support our business expansion, (ii) a significant increase in fulfillment costs, which was primarily in relation to the increase in our revenues; and (iii) an increase in depreciation and amortization as a result of the significant capital expenditure on our equipment.

The following table sets forth an estimated breakdown of our gross profit (loss) and gross profit (loss) margins by public cloud services and enterprise cloud services for the periods indicated.

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2019		2020		2021		2021		2022	
	Gross profit (loss)	Gross profit (loss) margin	Gross profit (loss)	Gross profit (loss) margin	Gross profit (loss)	Gross profit (loss) margin	Gross profit (loss)	Gross profit (loss) margin	Gross profit (loss)	Gross profit (loss) margin
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
							(unaudited)			
	(RMB in thousands, except for percentages)									
Public Cloud Services										
Computing	71,845	7.0	158,555	10.0	218,135	10.5	162,836	16.4	24,323	2.0
Storage	106,109	35.5	35,379	12.5	13,137	4.9	8,574	6.2	11,716	8.7
Delivery	(238,845)	(11.2)	10,624	0.3	(243,008)	(6.4)	(53,571)	(3.0)	(112,434)	(8.5)
Subtotal	**(60,891)**	**(1.8)**	**204,558**	**4.0**	**(11,736)**	**(0.2)**	**117,839**	**4.0**	**(76,395)**	**(2.9)**
Enterprise Cloud Services										
KC Enterprise Cloud Services	66,697	13.7	148,994	10.9	191,290	9.2	115,218	11.1	50,712	18.7
Camelot Group	–	–	–	–	170,528	20.8	–	–	169,747	14.9
Subtotal	**66,697**	**13.7**	**148,994**	**10.9**	**361,818**	**12.5**	**115,218**	**11.1**	**220,459**	**15.6**
Others	**1,903**	**17.0**	**3,431**	**9.1**	**1,206**	**31.1**	**1,928**	**79.3**	**1,098**	**86.3**
Total	**7,709**	**0.2**	**356,983**	**5.4**	**351,288**	**3.9**	**234,985**	**5.9**	**145,162**	**3.6**

* For public cloud services, revenues of computing, storage and delivery are estimated in proportion to the respective gross billings from such services. For enterprise could services, revenues of Camelot Group are only included since the acquisition in September 2021. In preparing the above table, we have allocated total cost of revenues to public cloud services, enterprise cloud services and others.

For details, see "Financial Information – Description of Key Components of Consolidated Statements of Profit or Loss."

The below table sets forth details of our revenue by major industry verticals in absolute amount and percentage of the total revenues during the Track Record Period.

	For the year ended December 31,						For the six months ended June 30,			
	2019		2020		2021		2021		2022	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
							(unaudited)			
	(RMB in thousands, except for percentages)									
Revenue										
Internet Sector	3,458,843	87.4	5,166,851	78.5	6,159,085	68.0	2,942,610	73.8	2,669,951	65.5
Public Service	406,681	10.3	1,164,183	17.7	1,369,674	15.1	762,446	19.1	186,312	4.6
Healthcare	–	0.0	55,111	0.8	307,191	3.4	63,922	1.6	24,530	0.6
Financial Service	79,627	2.0	153,395	2.4	402,424	4.4	215,809	5.4	60,871	1.4
Camelot Group	–	–	–	–	818,528	9.0	–	–	1,137,370	27.9
Others	11,202	0.3	37,767	0.6	3,882	0.0	2,432	0.1	1,273	0.0
Total revenue	**3,956,353**	**100.0**	**6,577,307**	**100.0**	**9,060,784**	**100.0**	**3,987,219**	**100.0**	**4,080,307**	**100.0**

* Internet sector primarily refers to our public cloud services customers. Revenues of Camelot Group are only included since the acquisition in September 2021.

The following table sets for a breakdown of our gross profit (loss) and gross profit (loss) margin by major industry verticals for the periods indicated.

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2019		2020		2021		2021		2022	
	Gross profit (loss)	Gross profit (loss) margin	Gross profit (loss)	Gross profit (loss) margin	Gross profit (loss)	Gross profit (loss) margin	Gross profit (loss)	Gross profit (loss) margin	Gross profit (loss)	Gross profit (loss) margin
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
							(unaudited)			
	(RMB in thousands, except for percentages)									
Internet Sector	(60,891)	(1.8)	204,558	4.0	(11,736)	(0.2)	117,839	4.0	(76,395)	(2.9)
Public Service	54,235	13.3	114,548	9.8	113,932	8.3	87,130	11.4	18,709	10.0
Healthcare	–	–	7,723	14.0	23,322	7.6	8,811	13.8	2,469	10.1
Financial Service	12,462	15.7	26,723	17.4	54,036	13.4	19,277	8.9	29,534	48.5
Camelot Group	–	–	–	–	170,528	20.8	–	–	169,747	14.9
Others	1,903	17.0	3,431	9.1	1,206	31.1	1,928	79.3	1,098	86.3
Total	**7,709**	**0.2**	**356,983**	**5.4**	**351,288**	**3.9**	**234,985**	**5.9**	**145,162**	**3.6**

For details, see “Business – Customers and Customer Support – Customers.”

Our net loss increased from RMB602.8 million for the six months ended June 30, 2021 to RMB1,365.3 million (US$203.8 million) for the six months ended June 30, 2022 primarily due to (i) the RMB270.0 million increase of our general and administrative expenses, primarily attributable to an increase in staff expenses paid to our general and administrative personnel and an increase in credit losses due to provisions we made on account receivables, and (ii) the RMB270.9 million change from RMB22.9 million foreign exchange gain to RMB248.0 million foreign exchange loss, primarily due to the significant depreciation of RMB against U.S. dollar in the first half of 2022. Our net loss increased from RMB962.2 million for 2020 to RMB1,591.8 million for 2021 primarily due to (i) the RMB268.7 million increase of research and development expenses driven by an increase of compensation for our research and development personnel and our continuous focus on research and development efforts, and (ii) the RMB221.8 million increase of general and administrative expenses, primarily attributable to an increase in the number of our general and administrative personnel and an increase in credit losses primarily because we made provisions on accounts receivable that may have recoverability issues. Our net loss decreased from RMB1,111.2 million for 2019 to RMB962.2 million for 2020 primarily due to (i) the RMB349.3 million increase of gross profit primarily resulting from economies of scale and our enhanced efficiency, and (ii) the RMB227.8 million change from RMB39.0 million foreign exchange loss to RMB188.8 million foreign exchange gain, primarily due to the significant appreciation of RMB against U.S. dollar in 2020.

We completed the acquisition of Camelot Group in September 2021, and its results of operations have been consolidated into ours since then. Our statement of comprehensive profit or loss for the year ended December 31, 2021 consolidates the results of Camelot Group since September 2021. In 2021 (after our acquisition of Camelot Group) and the six months ended June 30, 2022, (i) revenues generated by Camelot Group amounted to RMB818.5 million and RMB1,137.4 million, respectively; (ii) gross profit generated by Camelot Group amounted to RMB170.5 million and RMB169.7 million, respectively; (iii) gross profit margin of Camelot Group was 20.8% and 14.9% respectively; (iv) net profit generated by Camelot Group amounted to RMB55.0 million and RMB1.6 million, respectively; and (v) net profit margin of Camelot Group was 6.7% and 0.1%, respectively, and the decrease of net profit margin was primarily attributable to the decrease of gross profit margin. The decrease of Camelot Group’s gross profit margins in 2021 and 2022 was mainly due to the weak economic condition and decreased demand from customers. Camelot Group mainly provides enterprise digital services, including but not limited to, the design, coding, testing, adjustment of system or software. The aforesaid business and operation of Camelot Group was affected due to softened economic condition driven by COVID-19 resurgence and its strict lock-down measures, especially in 2022. For example, operations of companies within real estate and internet industries were negatively impacted by these factors and these companies reduced their IT budget and purchases accordingly. Additionally, costs for Camelot Group is primarily compensation for software and application developers, which tends to be sticky and cannot be adjusted promptly with change of revenue, thus leading to relatively lower gross margin than previous years. The profit margin of Camelot Group is higher than that of the Group’s profit margin, mainly because the majority of our revenues were generated from public cloud services during the

Track Record Period, which currently had relatively lower profit margins. Camelot Group mainly provides enterprise digital services, including but not limited to, the design, coding, testing, adjustment of system or software. Costs for such software- and application- services are primarily compensation for software and application developers. Our public cloud services, in addition to staff compensation, also involves large amount of investment in underlying cloud resources, such as IDC costs, and thus currently have relatively lower profit margins. Software development services generally have higher gross profit margin than IaaS cloud services primarily because (i) IaaS cloud services involve large amount of investment in underlying and committed cloud resources, such as IDC costs, and (ii) as compared to software development services, IaaS cloud services are still at a relatively early and evolving development stage.

For details, see "Financial Information" and the Accountants' Report set forth in Appendix IA.

Consolidated Statements of Financial Position

The table below sets forth selected information from our consolidated balance sheets as of the dates indicated, which has been extracted from the Accountants' Report included in Appendix IA:

	As of December 31,				As of June 30,	
	2019	2020	2021		2022	
	RMB	*RMB*	*RMB*	*US$*	*RMB*	*US$*
			(in thousands)			
ASSETS						
Total current assets	**4,149,739**	**9,544,718**	**12,412,816**	**1,947,841**	**10,321,276**	**1,540,925**
Total non-current assets(1)	**1,882,082**	**2,384,496**	**8,665,224**	**1,359,763**	**8,679,058**	**1,295,748**
Total assets	**6,031,821**	**11,929,214**	**21,078,040**	**3,307,604**	**19,000,334**	**2,836,673**
Net current assets	1,729,748	6,079,119	4,896,936	768,436	2,927,640	437,085
LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' (DEFICIT) EQUITY						
Total current liabilities	**2,419,991**	**3,465,599**	**7,515,880**	**1,179,405**	**7,393,636**	**1,103,840**
Total non-current liabilities(1)	**74,557**	**223,565**	**2,069,737**	**324,787**	**891,440**	**133,088**
Total liabilities	**2,494,548**	**3,689,164**	**9,585,617**	**1,504,192**	**8,285,076**	**1,236,928**

	As of December 31,				As of June 30,	
	2019	2020	2021		2022	
	RMB	*RMB*	*RMB*	*US$*	*RMB*	*US$*
			(in thousands)			
Net assets	**3,537,273**	**8,240,050**	**11,492,423**	**1,803,412**	**10,715,258**	**1,599,745**
Total mezzanine equity	**7,734,532**	**–**	**–**	**–**	**–**	**–**
Total shareholders' (deficit) equity	**(4,197,259)**	**8,239,989**	**10,603,949**	**1,663,991**	**9,843,171**	**1,469,546**
Non-controlling interests	–	61	888,474	139,421	872,087	130,199
Total liabilities, mezzanine equity, non-controlling interests and shareholders' equity	**6,031,821**	**11,929,214**	**21,078,040**	**3,307,604**	**19,000,334**	**2,836,673**

Note:

(1) On January 1, 2020, we adopted ASC 842, the new lease standard, using the modified retrospective basis and did not restate comparative periods.

We recorded net current assets of RMB1,729.7 million, RMB6,079.1 million, RMB4,896.9 million (US$768.4 million) and RMB2,927.6 million (US$437.1 million), as of December 31, 2019, 2020, 2021 and June 30, 2022, respectively.

Our net current assets decreased from RMB4,896.9 million (US$768.4 million) as of December 31, 2021 to RMB2,927.6 million (US$437.1 million) as of June 30, 2022, primarily due to a decrease in cash and cash equivalents from RMB4,217.5 million (US$661.8 million) to RMB2,732.3 million (US$407.9 million), primarily due to (i) our cash outflows in operating activities and investing activities, and (ii) a decrease in accounts receivable, net from RMB3,571.0 million (US$560.4 million) as of December 31, 2021 to RMB2,872.9 million (US $428.9 million) as of June 30, 2022 primarily due to our accounts receivable management efforts.

Our net current assets decreased from RMB6,079.1 million as of December 31, 2020 to RMB4,896.9 million (US$768.4 million) as of December 31, 2021, primarily due to (i) an increase in accrued expenses and other current liabilities from RMB845.4 million to RMB2,223.8 million (US$349.0 million), due to an increase in payables for purchase of property and equipment from RMB181.0 million to RMB759.4 million (US$119.2 million) and an increase in salary and welfare payable from RMB117.5 million to RMB600.8 million (US$94.3 million), and (ii) an increase in short-term bank loans from RMB278.5 million to RMB1,348.2 million (US$211.6 million). The decrease was partially offset by an increase in accounts receivable (net of allowance) from RMB2,334.9 million to RMB3,571.0 million (US$560.4 million), primarily due to our overall business growth.

Our net current assets increased from RMB1,729.7 million as of December 31, 2019 to RMB6,079.1 million as of December 31, 2020, primarily due to (i) an increase in short-term investment from RMB225.4 million to RMB2,693.0 million and an increase in cash and cash equivalents from RMB2,023.3 million to RMB3,424.7 million primarily attributable to the net proceeds from our US IPO and follow-on offering in 2020, and (ii) an increase in accounts receivable (net of allowance), from RMB1,347.5 million to RMB2,334.9 million primarily due to our overall business growth, partially offset by an increase in accounts payable from RMB1,254.6 million to RMB2,057.4 million, which was in line with our increased IDC costs.

Our net assets decreased from RMB11,492.4 million (US$1,803.4 million) as of December 31, 2021 to RMB10,715.3 million (US$1,599.7 million) as of June 30, 2022 primarily due to an increase of RMB1,365.3 million in accumulated deficit as a result of our net loss for the period, partially offset by increase of RMB382.6 million in the other comprehensive gain due to foreign currency translation adjustments and increase of RMB206.7 million in additional paid-in capital due to recognition of share-based compensation reserve. Our net assets increased from RMB8,240.1 million as of December 31, 2020 to RMB11,492.4 million (US$1,803.4 million) as of December 31, 2021 primarily due to an increase of RMB3,615.5 million in additional paid-in capital and an increase of RMB891.6 million in non-controlling interests mainly as a result of our business acquisition of Camelot Group in 2021, an increase of RMB434.4 million in additional paid-in capital due to recognition of share-based compensation reserve, partially offset by an increase of RMB1,591.8 million in accumulated deficit mainly as a result of our net loss for the year. We recorded net assets of RMB8,240.1 million as of December 31, 2020 as compared to net assets of RMB3,537.3 million as of December 31, 2019, primarily due to an increase of RMB5,752.0 million in additional paid-in capital as a result of issuance of ordinary shares upon our US IPO and follow-on offering in 2020, partially offset by an increase of RMB962.2 million in accumulated deficit mainly as a result of our net loss for the year. Please see the consolidated statements of changes in shareholders' (deficit) equity on pages IA-12 to IA-14 of the Accountants' Report in Appendix IA to this listing document.

For details, see "Financial Information – Discussion of Selected Items from the Consolidated Balance Sheets," the Accountants' Report included in Appendix IA.

Summary Consolidated Statements of Cash Flows

The following table presents our consolidated cash flow data for the periods presented.

	For the Year Ended December 31,				For the Six Months Ended June 30,		
	2019	2020	2021		2021	2022	
	RMB	*RMB*	*RMB*	*US$*	*RMB*	*RMB*	*US$*
					(unaudited)		
	(in thousands)						
Net cash used in operating activities	(439,132)	(290,433)	(708,869)	(111,236)	(760,801)	(282,401)	(42,161)
Net cash (used in)/generated from investing activities	883,247	(4,314,003)	(421,623)	(66,162)	(294,546)	(1,257,570)	(187,750)
Net cash generated from financing activities	64,507	6,124,153	2,212,487	347,187	601,302	(214,796)	(32,069)
Net increase/(decrease) in cash, cash equivalents and restricted cash	508,622	1,519,717	1,081,995	169,789	(454,045)	(1,754,767)	(261,980)
Cash, cash equivalents and restricted cash at beginning of the year/period	1,507,071	2,023,263	3,424,674	537,406	3,424,674	4,456,621	665,356
Effect of exchange rate changes on cash, cash equivalents and restricted cash	7,570	(118,306)	(50,048)	(7,854)	(16,010)	74,916	11,185
Cash, cash equivalents and restricted cash at end of the year/period	**2,023,263**	**3,424,674**	**4,456,621**	**699,341**	**2,954,619**	**2,776,770**	**414,561**

We have historically been loss-making, and we had been generating net operating cash outflows during the Track Record Period. We generated net loss of RMB1,111.2 million, RMB962.2 million and RMB1,591.8 million (US$249.8 million) in 2019, 2020 and 2021, respectively, and RMB602.8 million and RMB1,365.3 million (US$203.8 million) during the six months ended June 30, 2021 and 2022. As of June 30, 2022, we had an accumulated deficit of RMB8,815.0 million (US$1,316.0 million).

We recorded net operating cash outflows of RMB439.1 million, RMB290.4 million, RMB708.9 million (US$111.2 million) and RMB282.4 million (US$42.2 million) in 2019, 2020 and 2021 and the six months ended June 30, 2022, respectively. Our operating cash outflows throughout the Track Record Period were primarily as a result of our net losses, driven by the substantial upfront investment we made in cloud infrastructure and operating expenses to support long-term business growth. During the Track Record Period and up to the Latest Practicable Date, our principal sources of liquidity have been cash generated from financing activities. For details, see "Financial Information – Liquidity and Capital Resources."

KEY OPERATING METRICS

We adopt a premium customer strategy, focusing on leading enterprises in selected verticals to establish market presence efficiently. Our total revenues generated from Premium Customers amounted to RMB3,853.3 million, RMB6,449.2 million, RMB8,896.1 million (US$1,396.0 million), RMB3,929.9 million and RMB4,015.0 million in 2019, 2020, 2021, the six months ended June 30, 2021 and the six months ended June 30, 2022, respectively, accounting for 97.4%, 98.1%, 98.2%, 98.6% and 98.4% of our total revenues in the same years, respectively. Specifically, our total revenues generated from Public Cloud Service Premium Customers amounted to RMB3,358.5 million, RMB5,045.4 million and RMB6,043.8 million (US$948.4 million) in 2019, 2020 and 2021, respectively, accounting for 97.1%, 97.6% and 98.1% of our total public cloud service revenues in the same years, respectively. Our total revenues generated from Enterprise Cloud Service Premium Customers amounted to RMB481.0 million, RMB1,366.9 million and RMB2,846.2 million (US$446.6 million) in 2019, 2020 and 2021, respectively, accounting for 98.9%, 99.6% and 98.2% of our total enterprise cloud service revenues in the same years, respectively. Moreover, prior to our acquisition of Camelot Group, Camelot Group's revenues generated from Premium Customers for the period from January 1 to September 3, 2021 amounted to RMB1,247.5 million. Therefore, we regularly review a number of key operating metrics in relation to our Premium Customers as presented in the table below to evaluate our business and measure our performance. We believe that these metrics are indicative of our overall business and performance. The calculation of the key metrics and other measures discussed below may differ from other similarly titled metrics used by other companies, securities analysts or investors.

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2019	2020	2021	2021	2022
Public Cloud Services					
Number of Public Cloud Service Premium Customers	175	191	222	210	196
– Including:					
New customers acquired in the year/period	63	35	50	31	20
Existing customers	112	156	172	179	176

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2019	2020	2021	2021	2022
Net dollar retention rate of Public Cloud Service Premium Customers[(1)]	155%	146%	114%	110%[(5)]	88%[(5)]
Average revenues per Public Cloud Service Premium Customers (RMB in million)[(3)]	19.2	26.4	27.3	13.8[(4)]	13.4[(4)]
Enterprise Cloud Services					
Number of Enterprise Cloud Service Premium Customers	67	124	382	76	295
– Including:					
New customers acquired in the year/period	57	104	335	58	255
Existing customers	10	20	47	18	40
Average revenues per Enterprise Cloud Services Premium Customers (RMB in million)[(3)]	7.2	11.0	10.7	13.7[(4)(6)]	4.7[(4)(6)]
Number of Enterprise Cloud Projects [(7)]	150	243	652	112	552
Total					
Number of Premium Customers[(2)]	243	322	597	288	488
– Including:					
New customers acquired in the year/period	123	146	383	84	279
Existing customers	120	176	214	204	209
Average revenues per Premium Customer (RMB in million)[(3)]	15.9	20.0	17.0	13.6[(4)(6)]	8.2[(4)(6)]

Notes:

(1) Net dollar retention rate of Public Cloud Service Premium Customers is calculated by dividing the revenues from our Public Cloud Service Premium Customers, who were also our Public Cloud Service Premium Customers in the previous year, in the indicated period by the revenues from all of our Public Cloud Service Premium Customers in the previous corresponding period.

(2) The number of Premium Customers for the year ended December 31, 2021 includes customers of Camelot Group and Shenzhen Yunfan with revenue of over RMB700,000 for the same year. The Premium Customers for the six months ended June 30, 2021 and 2022 refer to customers with revenue of RMB350,000 for the respective period. Premium Customers are determined based on the total revenues from customers, while Public Cloud Premium Customers and Enterprise Cloud Premium Customers are determined based on the revenues from public cloud services and enterprise cloud services, respectively.

(3) Due to the acquisition of Camelot Group in 2021, average revenues per Premium Customer for 2021 is calculated by dividing (i) the sum of (x) consolidated revenues of our Group generated from Premium Customers in 2021 and (y) revenues generated from Premium Customers of Camelot Group for the period from January 1 to September 3, 2021, by (ii) the number of Premium Customers for 2021.

(4) The average revenues per Premium Customer for an interim period are not annualized. The average revenues per Premium Customer for a given half year are calculated by dividing the historical revenues for the given half year from Premium Customers by the number of Premium Customers for the same period.

(5) Net dollar retention rate of Public Cloud Service Premium Customers decreased from 110% for the six months ended June 30, 2021 to 88% for the six months ended June 30, 2022, mainly due to the weaker demand by major customers in the internet sector in the second half of 2021 and our proactive scale-down of CDN products.

(6) Our average revenues per Premium Customer decreased from RMB13.6 million in the six months ended June 30, 2021 to RMB8.2 million in the six months ended June 30, 2022, mainly due to the decrease in average revenues per Enterprise Cloud Service Premium Customer from RMB13.7 million to RMB4.7 million for the same periods, respectively. Such decrease was mainly due to (i) the dilution from our acquisition of Camelot Group, whose average revenues per Enterprise Cloud Service Premium Customer was RMB4.4 million in the first half of 2022, and (ii) our more stringent selection of projects with a focus on profitability over volume, as well as considering potential customers' credibility, financial and liquidity condition.

(7) The increase in number of enterprise cloud projects in 2021 and the six months ended June 30, 2022 was mainly due to our acquisition of Camelot Group.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios for the periods indicated.

	As of or For The Year Ended December 31,			As of or For The Six Months Ended June 30,	
	2019	**2020**	**2021**	**2021**	**2022**
				(unaudited)	
Revenue growth	N/A	66.2%	37.8%	N/A	2.3%
Gross profit margin	0.2%	5.4%	3.9%	5.9%	3.6%
Gearing Ratio*	4.9%	7.4%	24.6%	N/A	25.5%
Current Ratio**	1.7	2.8	1.7	N/A	1.4

* Calculated by dividing the sum of bank loans, loans from related parties and lease liabilities by total equity (including total mezzanine equity and total shareholders' (deficit) equity) and multiplied by 100%.

** Calculated by dividing total current assets by total current liabilities.

RECONCILIATION BETWEEN U.S. GAAP AND IFRS

It should be noted that the consolidated financial statements are prepared in accordance with U.S. GAAP, which differ in certain respects from IFRS. For more details about reconciliation between U.S. GAAP and IFRS during the Track Record Period, see "Financial Information – Reconciliation Between U.S. GAAP and IFRS."

OUR ACQUISITION OF CAMELOT AND CAMELOT TECHNOLOGY

We completed the acquisition of Camelot Group in September 2021 (the "**Camelot Merger**") which resulted in our acquisition of 79.53% equity interest in Camelot Technology, and the results of operations of Camelot Group have been consolidated into ours since then. Our statement of comprehensive profit or loss for the year ended December 31, 2021 consolidates the results of Camelot Group since September 2021. For details, see "History, Development and Corporate Structure – Acquisition of Camelot and Camelot Technology." For discussion and analysis of the historical financial information of Camelot Group for the years ended December 31, 2019 and 2020 and the period ended September 3, 2021, see "Financial Information – Financial Information of Camelot Group."

As of the Latest Practicable Date, the outstanding consideration to be paid by the Group in relation to the Camelot Merger include (i) part of the first tranche share consideration of approximately RMB180 million to be paid to Camelot Founders, which would be held back from issuance until June 30, 2023 (the "**Holdback Shares**"); and (ii) the second tranche consideration to be settled by June 30, 2023 and payable to the relevant non-founder shareholders of Camelot (the "**Camelot Non-Founder Shareholders**") comprising of a cash consideration in the approximate USD equivalent amount of RMB260.9 million in cash and a share consideration in the approximate USD equivalent amount of RMB782.6 million to be issued to the Camelot Non-Founder Shareholders (the "**Second Tranche Share Consideration**"). The number of the Shares to be issued for the purpose of settling Holdback Shares of the first tranche and the Second Tranche Share Consideration shall be determined and calculated based on the volume-weighted average price of the Company's ADSs listed on the Nasdaq for thirty (30) trading days immediately preceding June 30, 2023 (the "**Issue Price**").

In November 2022, the Company, the three employee incentive platforms of Camelot (the "**Original Camelot Incentive Platforms**") and the respective beneficial owners thereof (as applicable) entered into certain agreements, pursuant to which (i) the Company shall grant a total of 27,500,715 restricted share units under the 2021 Share Incentive Plan to current and former employees of Camelot Group in recognition of their contribution to Camelot Group (the "**Camelot RSUs**"), and (ii) the Original Camelot Incentive Platforms shall transfer the 3.19% equity interests in Camelot Technology to the Group for RMB43,980,750 (the "**3.19% Acquisition**"). The 3.19% Acquisition was completed on November 18, 2022. On the same day, the transfer of 3.19% equity interests in Camelot Technology from the Original Camelot Incentive Platforms to the Group was completed and our Group acquired all the rights attached to such 3.19% equity interests in Camelot Technology. As of the Latest Practicable Date, the Camelot RSUs had been granted to the relevant current and former employees of Camelot Group under the 2021 Share Incentive Plan and fully vested, and the outstanding consideration to be paid by the Group in relation to the 3.19% Acquisition is the cash consideration of RMB43,980,750, which has been settled in full.

Given that the Company will issue new Shares to satisfy the Holdback Shares and Second Tranche Share Consideration in relation to the Camelot Merger, Shareholders will experience dilution on their shareholdings in the Company. Neither Kingsoft Corporation nor Xiaomi is entitled to any anti-dilution option under our strategic cooperation and anti-dilution framework agreement with each of Kingsoft Corporation and Xiaomi dated on January 27, 2022 and January 29, 2022, respectively, in respect of the Holdback Shares, the Second Tranche Share Consideration and Camelot RSUs, involving shares to be issued pursuant to the acquisitions approved by our Board which are carved out for the exercise of anti-dilution option under the aforementioned agreements. For illustration purpose, with the assumption that the Issue Price to be USD2.56 (being the lowest closing price of the ADSs of the Company for the 12 months ended June 30, 2022), the maximum dilution effect of the aforementioned issuance of Shares is expected to result in a decrease in shareholding in our Company held by Kingsoft Corporation and Xiaomi from approximately 37.4% and 11.82%, respectively, as of the Latest Practicable Date to approximately 30.62% and 9.68%, respectively. For more details of the dilution risk, please see "Risk Factors – Risks Relating to the Dual Listing – Purchasers of our Ordinary Shares will incur immediate and significant dilution and may experience further dilution if we issue additional shares or other equity securities in the future, including pursuant to the share incentive schemes."

In order to better integrate with Camelot Group and align the interests of Camelot Technology's minority shareholders with that of the Group, the Company also plans to acquire equity interests in Camelot Technology held by Shanghai Jiawo and Tongxiang Jiawo (collectively, the "Jiawo Shareholders"), both of which are minority shareholders of Camelot Technology holding approximately 17.27% equity interests in Camelot Technology in aggregate. Pursuant to the share purchase agreements entered into between the Company and the Jiawo Shareholders on October 21, 2022, the Company agreed to acquire an aggregate of 9.50% of the equity interests in Camelot Technology from the Jiawo Shareholders for a total cash consideration of RMB456 million. The acquisition of such 9.50% equity interests in Camelot Technology was completed on November 18, 2022. On the same day, the transfer of 9.50% equity interests in Camelot Technology from the Jiawo Shareholders to the Group was completed and our Group acquired all the rights attached to such 9.50% equity interests in Camelot Technology. As of the Latest Practicable Date, the outstanding consideration to be paid by the Group in relation to such acquisition was the cash consideration in the amount of RMB456 million, which is expected to be settled in five installments by the end of 2024. Subject to the entering into of definitive agreements, the Company plans to continue discussing with the Jiawo Shareholders in relation to the purchase of the remaining 7.77% equity interest held by them in Camelot Technology after the Listing. In the event the consideration of such proposed acquisition would involve the issuance of Shares, the Company shall duly comply with all applicable Listing Rules (including, where applicable, notification, announcement and shareholders' approval). As of the Latest Practicable Date, no definitive agreement has been entered into among the Company and Jiawo Shareholders.

For further details on the acquisition of Camelot and Camelot Technology, see section headed "History, Development and Corporate Structure – Acquisition of Camelot and Camelot Technology."

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Our Company currently has a primary listing of our ADSs on the Nasdaq, which we intend to maintain alongside the proposed dual primary listing of our ordinary shares on the Stock Exchange. The EGM will be convened on December 29, 2022 (i.e. after the date of this listing document) and before the Listing, at which the Memorandum and Articles of Association, which conform to the Core Shareholder Protection Standards set out in Appendix 3 of the Listing Rules, will be put forth for voting and if adopted will become effective upon Listing. As at the date of this listing document, the Memorandum and Articles of Association have not been amended and are not in full compliance with the the Core Shareholder Protection Standards set out in Appendix 3 of the Listing Rules. Application has been made to the Listing Committee for the listing of, and permission to deal in, our Shares in issue, and those that may be issued pursuant to the exercise of any awards that have been or may be granted under the Equity Incentive Plans. As at the date of this listing document, the Listing remains subject to approval by the Listing Committee, which is contingent upon, among other customary conditions, the approval and adoption of the Memorandum and Articles of Association at the EGM. The Company has no control over and cannot guarantee the voting results at the EGM for approving the adoption of the Memorandum and Articles of Association.

We satisfy the market capitalization/revenue requirements under Rule 8.05(3) of the Listing Rules such that (i) our expected market capitalization at the time of Listing exceeds HK$4 billion and (ii) our revenue for the year ended December 31, 2021 amounted to RMB9,060.8 million, which exceeds HK$500 million.

LIQUIDITY ARRANGEMENTS

In connection with the Listing, the Designated Dealer and the Alternate Designated Dealer have been appointed as designated dealer and alternate designated dealer, respectively and intend to implement the Liquidity Arrangements during the Designated Period (being the 90-day period from and including the Listing Date). The Liquidity Arrangements are intended to facilitate liquidity of the Shares in the Hong Kong market by arranging for migration of Shares to the Hong Kong Share register and CCASS to provide the basis for an open market at the time of the Listing.

In connection with the Liquidity Arrangements, the Stock Borrowing and Lending Agreements between Kingsoft Corporation (the "**Lender**") and the Designated Dealer (the "**Borrower**") were entered into on December 23, 2022, which will come into effect from the first day of the Designated Period. Pursuant to the Stock Borrowing and Lending Agreements, the Lender will make available to the Borrower stock lending facilities of up to 190,264,240 Shares, or approximately 5.0% of the Shares in issue, on one or more occasions during the Designated Period, subject to applicable laws, rules and regulations in the U.S and Hong Kong, including that the lending and the subsequent acceptance of redelivery of any Shares by the Lender, and the borrowing and the subsequent redelivery of any Shares by the Borrower, will not lead to either party being obliged to make a mandatory general offer under the Takeovers Code or that an exemption in this regard has been granted by the SFC. For further details, see "Listings, Registration, Dealings and Settlement – Liquidity Arrangements".

INVESTOR EDUCATION

Prior to the Listing, our Company and the Joint Sponsors will cooperate to inform the investor community of general information about our Company, as well as the developments and/or changes to the Liquidity Arrangements as disclosed in this listing document. After the Listing has taken place, our Company and the Joint Sponsors may continue to take measures to educate the public. Subject to the applicable law, the measures, including but not limited to holding media briefings and press interviews, analyst briefings to local brokerages/research houses and publication of announcements containing, among other matters, information on the developments and updates of the Liquidity Arrangements, may be taken to enhance transparency of our Company and the Liquidity Arrangements as appropriate. For further details, see "Listings, Registration, Dealings and Settlement – Investor Education".

DIVIDENDS POLICIES

We have not previously declared or paid any cash dividend or dividend in kind and we have no plan to declare or pay any dividends in the near future on our Shares or the ADSs representing our ordinary shares. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

Our Board has discretion as to whether to distribute dividends, subject to certain requirements of Cayman Islands law. Under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. The Company has adopted a policy on payment of dividends taking into account various elements including but not limited to the earnings, cash flow, financial conditions, capital requirements, statutory fund reserve requirements of our Group and any other conditions which the Board may deem relevant.

LISTING EXPENSES

Listing expenses of approximately RMB92.0 million, including fees and expenses of legal advisers and accountants of approximately RMB46.9 million and other fees and expenses of approximately RMB45.1 million, are expected to be recognized in our consolidated statements of comprehensive loss.

IMPACTS OF COVID-19

On March 11, 2020, the World Health Organization declared the global COVID-19 outbreak a pandemic. Since then, there continues to be significant uncertainties associated with the COVID-19 pandemic, including with respect to the spread and mutation of the virus, the severity of the disease, the possibility of successive waves of outbreaks, actions taken by government authorities, and the scope and length of the resulting economic disruption, among others.

As a result of the balance of our businesses with exposure to different verticals and revenue models, impacts of the COVID-19 pandemic are mixed in direction. On the one hand, the pandemic has gradually propelled cloud adoption as (i) with restrictive measures imposed on transportation in response to the pandemic, people increasingly leverage the internet to fulfill daily activities from work, shopping, education to entertainment, which are increasingly supported by cloud infrastructure, (ii) the healthcare industry in China increasingly tap into cloud technology to meet the challenges of public health events; and (iii) enterprises and organizations experiencing business or operation fluctuations in the pandemic may consider cloud services to obtain better agility and cost control in the mid-to-long run. As a result, our public cloud services have experienced rapid revenue growth from 2019 to 2021, with a year-on-year growth rate of 49.4% from 2019 to 2020 and 19.2%, from 2020 to 2021. To embrace these opportunities and mitigate the pandemic's adverse impact to our business, we have been continuously perfecting our scalable core technologies and products and investing into our solutions of selected verticals, especially in healthcare, financial services and public services, and we expect to bear fruit in the enormous digitalization market in the long run.

On the other hand, (i) travel restriction measures may limit our ability to provide on-site services to customers, and negatively affected project bidding process and deployment completion, and (ii) businesses negatively impacted by the pandemic may cut their procurement budget, including cloud budget.

Furthermore, our business was impacted in 2022 by the resurgence of COVID-19 and the related measures. The market size of cloud service in China experienced a decrease from RMB152.6 billion for the first half of 2021 to RMB150.4 billion for the first half of 2022. As a result, our results of operations were negatively affected by the COVID-19, which is evidenced by the decrease in our revenue from enterprise cloud services, excluding the consolidation of Camelot Group's revenue contribution, from RMB1,042.2 million in the six months ended June 30, 2021 to RMB271.7 million (US$40.6 million) for the six months ended June 30, 2022. Partially due to the impact of COVID-19, our enterprise cloud service customers (excluding the consolidation of Camelot Group's customers) were 62 for the six months ended June 30, 2022, compared with 76 for the six months ended June 30, 2021. For details, see "Financial Information – Impact of COVID-19."

The extent to which the COVID-19 impacts our operations on an ongoing basis will depend on various factors including the duration and severity of the outbreak, any resurgence of COVID-19, such as the resurgence of COVID-19 in 2022, among others. See also "Risk Factors – Risks Relating to Our Business and Industry – The COVID-19 pandemic has disrupted our and our business partners' operations and it, or any future health epidemic or other adverse public health developments, may continue to do so." and "Financial Information – Impact of COVID-19."

RECENT DEVELOPMENTS

Despite our continued efforts to maintain business sustainability and achieve profitability, we expect to record an increase of net losses, including for the year ending December 31, 2022, as we expect to continue to invest in the cloud infrastructure and incur a substantial amount of IDC costs and operating expenses to support our business operations.

Our Directors confirm that, as of the date of the Listing Document, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects of our Group since June 30, 2022, the end of the period reported on the audited consolidated financial statements included in Appendix IA.

Project backlog is defined as the total contractual amount as set forth in the uncompleted enterprise contracts for respective obligation that has not been met as of the date. As of the date of this listing document, the amounts of project backlog from customers for our Kingsoft Cloud enterprises cloud services, was RMB715.2 million (including RMB239.5 million under contracts signed in 2022). Among such amounts, approximately RMB125.1 million are expected to be recognized as revenue by the end of 2022, and the rest to be recognized in 2023 and thereafter. As substantially all revenue of services provided by Camelot Group are recognized based on daily performance completed, project backlog is not applicable.

Operational Highlights for the Nine Months Ended September 30, 2022

The following table sets forth our key operating metrics for the period indicated.

	For the Nine Months Ended September 30	
	2021*	**2022**
Public Cloud Services		
Number of Public Cloud Service Premium Customers	217	204
– Including:		
New customers acquired in the period	41	41
Existing customers	176	163
Net dollar retention rate of Public Cloud Service Premium Customers(1)	113.8%	85.4%
Average revenues per Public Cloud Service Premium Customers (RMB in million)(3)	20.8	19.4
Enterprise Cloud Services		
Number of Enterprise Cloud Service Premium Customers	339	316
– Including:		
New customers acquired in the period	300	277
Existing customers	39	39
Average revenues per Enterprise Cloud Services Premium Customers (RMB in million)(3)	5.2	6.3

	For the Nine Months Ended September 30	
	2021*	2022
Total		
Number of Premium Customers[(2)]	554	515
– Including:		
New customers acquired in the period	344	318
Existing customers	210	197
Average revenues per Premium Customer (RMB in million)[(3)]	11.4	11.5
Number of Enterprise Cloud Projects[(4)]	522	631

Notes:

* Except for the purpose of calculating the number of Premium Customers as detailed in Note (2) below, revenues for the nine months ended 2021 do not include financial results of Camelot before our acquisition in September 2021.

(1) Net dollar retention rate of Public Cloud Service Premium Customers for the nine months ended September 30, 2022 is calculated by dividing the revenues from our Public Cloud Service Premium Customers in the nine months ended September 30, 2022, by the revenues from our Public Cloud Service Premium Customers in the nine months ended September 30, 2021.

(2) The Premium Customers for the nine months ended September 30, 2021 and 2022 refer to customers with revenue of RMB525,000 for the respective period. The number of Premium Customers for the nine months ended September 30, 2021 includes customers of Camelot with revenue of over RMB525,000 in the same period.

(3) The average revenues per Premium Customer for an interim period are not annualized. The average revenues per Premium Customer for a given period are calculated by dividing the historical revenues from Premium Customers by the number of Premium Customers for the same period.

(4) The increase in number of enterprise cloud projects in the nine months ended September 30, 2022 was mainly due to our acquisition of Camelot Group.

Financial Results for the Third Quarter of 2022

Unless otherwise stated, all translations of RMB amounts into U.S. dollars in this "Financial Results for the Third Quarter of 2022" section were made at RMB7.1135 to US$1.00, the noon buying rate in effect on September 30, 2022 as certified for customs purposes by the Federal Reserve Bank of New York.

Summary Consolidated Results of Operations

The table below sets forth our summary unaudited condensed consolidated statements of profit or loss in absolute amount and percentage of the total revenues for the periods indicated, which are extracted from the Unaudited Interim Condensed Consolidated Financial Information set out in Appendix IB.

	For the Three Months Ended September 30				
	2021		**2022**		
	RMB		*RMB*	*US$*	
			(unaudited)		
			(in thousands)		
Revenues:					
Public cloud services	1,685,999	69.8%	1,346,038	189,223	68.4%
Enterprise cloud services	726,865	30.1%	621,975	87,436	31.6%
Others	971	0.1%	774	109	0.0%
Total revenues	2,413,835	100.0%	1,968,787	276,768	100.0%
Cost of revenues	(2,325,423)	(96.3%)	(1,846,368)	(259,558)	(93.8%)
Gross profit	88,412	3.7%	122,419	17,210	6.2%
Operating expenses:					
Selling and marketing expenses	(132,202)	(5.5%)	(143,363)	(20,154)	(7.3%)
General and administrative expenses	(156,573)	(6.5%)	(235,077)	(33,047)	(11.9%)
Research and development expenses	(268,721)	(11.1%)	(248,149)	(34,884)	(12.6%)
Total operating expenses	(557,496)	(23.1%)	(626,589)	(88,085)	(31.8%)
Operating loss	(469,084)	(19.4%)	(504,170)	(70,875)	(25.6%)

Revenues

Our revenues decreased by 18.4% from RMB2,413.8 million for the third quarter of 2021 to RMB1,968.8 million (US$276.8 million) for the third quarter of 2022, which was primarily attributable to changes of revenues generated from public cloud services and enterprise cloud services over the same periods as discussed below.

Public cloud services

Our revenues generated from public cloud services decreased by 20.2% from RMB1,686.0 million for the third quarter of 2021 to RMB1,346.0 million (US$189.2 million) for the third quarter of 2022. The decrease in our revenues generated from public cloud services were primarily due to our proactive scale-down of CDN products as evidenced by the decrease of 27.6% in our gross billings of delivery products from the third quarter of 2021 to the third quarter of 2022.

Enterprise cloud services

Our revenues generated from enterprise cloud services decreased by 14.4% from RMB726.9 million in the third quarter of 2021 to RMB622.0 million (US$87.4 million) in the third quarter of 2022. The decrease was primarily attributable to the impact of the resurgence of COVID-19 as well as our more stringent project selection, partially offset by the consolidation of financial results of Camelot.

Cost of Revenues

Our cost of revenues decreased by 20.6% from RMB2,325.4 million in the third quarter of 2021 to RMB1,846.4 million (US$259.6 million) in the third quarter of 2022. The decrease in cost of revenues was primarily attributable to (i) a decrease of RMB432.3 million in fulfillment costs primarily as a result of (a) the decrease of revenues from Kingsoft Cloud enterprise cloud services due to negative impacts of COVID-19, and (b) the decrease of fulfillment costs as percentages of total enterprise cloud services revenue due to our strategic focus on selected high quality projects, (ii) a decrease of RMB332.6 million in IDC costs mainly due to our proactive scale-down of CDN products, and was partially offset by an increase of RMB283.1 million in solution development and services costs mainly due to the consolidation of Camelot.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit significantly increased by 38.5% from RMB88.4 million in the third quarter of 2021 to RMB122.4 million (US$17.2 million) in the third quarter of 2022. Our gross profit margin increased significantly from 3.7% in the third quarter of 2021 to 6.2% in the third quarter of 2022. The significant increase was primarily attributable to our strategic focus on selected high quality projects as well as efficient cost control measures.

Research and Development Expenses

Our research and development expenses decreased by 7.7% from RMB268.7 million in the third quarter of 2021 to RMB248.1 million (US$34.9 million) in the third quarter of 2022.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 8.5% from RMB132.2 million in the third quarter of 2021 to RMB143.4 million (US$20.2 million) in the third quarter of 2022.

General and Administrative Expenses

Our general and administrative expenses increased from RMB156.6 million in the third quarter of 2021 to RMB235.1 million (US$33.0 million) in the third quarter of 2022, primarily attributable to an increase in credit losses primarily for accounts receivable and contract assets from RMB28.3 million to RMB98.4 million (US$13.8 million) mainly because we made provisions on accounts receivable that may have recoverability issues. These provisions were mainly made for individually impaired amounts receivable and contract assets that are related to specific customers with known collectivity issues, mostly customers whose cash flows were severely affected by the resurgence of COVID-19 and the associated restrictive measures and slowdown of macroeconomics. For details of the recoverability of our accounts receivables and our relevant management policies, see "Financial Information – Discussion of Selected Items From the Consolidated Balance Sheets – Accounts Receivable, Net of Allowance."

Operating Loss

As a result of the foregoing, our operating loss increased by 7.5% from RMB469.1 million in the third quarter of 2021 to RMB504.2 million (US$70.9 million) in the third quarter of 2022. Our operating loss margin increased from 19.4% in the third quarter of 2021 to 25.6% in the third quarter of 2022.

Net Current Assets and Liabilities

We recorded net current assets of RMB2,837.6 million (US$398.9 million) as of September 30, 2022. The table below sets forth our current assets and current liabilities as of the dates indicated, and the financial results as of September 30, 2022 are extracted from the Unaudited Interim Condensed Consolidated Financial Information set out in Appendix IB.

	As of June 30, 2022	**As of September 30, 2022**	
	RMB	*RMB*	*US$*
		(unaudited)	
	(in thousands)		
Current assets:			
Cash and cash equivalents	2,732,331	3,163,210	444,677
Restricted cash	44,439	43,144	6,065
Accounts receivable, net	2,872,904	2,566,969	360,859
Short-term investments	2,619,701	2,165,674	304,446
Prepayments and other assets	1,694,048	1,734,108	243,779
Amounts due from related parties	357,853	365,853	51,431
Total current assets	10,321,276	10,038,958	1,411,257

	As of June 30, 2022	As of September 30, 2022	
	RMB	*RMB*	*US$*
		(unaudited)	
	(in thousands)		
Current liabilities:			
Short-term bank loans	1,266,270	1,041,045	146,348
Accounts payable	2,409,134	2,454,610	345,064
Accrued expenses and other current liabilities	2,748,407	2,708,447	380,748
Income tax payable	43,163	40,926	5,753
Amounts due to related parties	826,042	851,851	119,751
Current operating lease liabilities	100,620	104,528	14,694
Total current liabilities	7,393,636	7,201,407	1,012,358
Total Net Current Assets	2,927,640	2,837,551	398,899

Cash Flows and Working Capital

In the third quarter of 2022, we generated net cash of RMB100.9 million from operating activities, representing a significant increase from RMB13.9 million in the third quarter of 2021, primarily because of improvement of accounts receivable recoveries and accounts payables. Our recoveries of accounts receivable improved significantly, as demonstrated by (i) the RMB210.4 million decrease of accounts receivable in the third quarter of 2022, and (ii) other than Camelot Group, cash payments from Kingsoft Cloud's customers amounting to RMB5,439 million and RMB5,355 million for the nine months ended September 30, 2021, and 2022, respectively, representing 87.8% and 123.1% of revenues for the same periods, respectively, demonstrating our improved collection of accounts receivable in 2022. The improvement was mainly due to (i) our enhanced collection efforts, such as adjusting our monthly accounts collection targets as well as promptly following up with collection of accounts receivable; and (ii) our stringent project selection favoring customers with strong liquidity position and low credit risk. In addition, our accounts payable increased by RMB7.5 million in the third quarter, primarily due to our enhanced payment management, such as adjusting our monthly payment plans and firming our payment approval process.

In the third quarter of 2022, we generated net cash of RMB323.8 million from investing activities, representing a significant increase from RMB99.4 million in the third quarter of 2021, primarily attributable to proceeds from maturities of short-term investments, partially offset by purchases of short-term investments and purchases of property and equipment.

In the third quarter of 2022, we used net cash of RMB130.7 million in financing activities, compared with net cash of RMB526.2 million generated from financing activities in the third quarter of 2021, primarily attributable to our repayment of short-term bank loans and loans due to related parties, partially offset by proceeds from short-term bank loans and loans due to related parties.

As of September 30, 2022, we had RMB5,328.9 million (US$749.1 million) in cash and cash equivalents and short-term investment, which included cash deposits at fixed rates.

Business Outlook

For the fourth quarter of 2022, we expect our total revenues to be between RMB2.0 billion and RMB2.2 billion. This forecast reflects our current and preliminary views on the market and operational conditions, which are subject to change.

Recent Regulatory Developments

Overseas Listing

On December 24, 2021, the CSRC published the draft Regulations of the State Council on the Administration of Overseas Issuance and Listing of Securities by Domestic Companies (Draft for Comments) (《國務院關於境內企業境外發行證券和上市的管理規定(草案徵求意見稿)》) (the "**Administrative Provisions**") and the draft Administrative Measures for the Record-Filing of Overseas Issuance and Listing of Securities by Domestic Companies (Draft for Comments) (《境內企業境外發行證券和上市備案管理辦法(徵求意見稿)》) (the "**Filing Measures**", together with the Administrative Provision, the "**Overseas Listing Regulations**") for public comments till January 23, 2022. Pursuant to these drafts, a filing-based regulatory system will be applied to both "direct overseas offering and listing" and "indirect overseas offering and listing" of PRC domestic companies.

Our Directors are of the view that, after consulting our PRC Legal Adviser, assuming the draft Overseas Listing Regulations were adopted in the current forms, we would be able to comply with the Overseas Listing Regulations and do not foresee any material legal impediment in completing the filing procedure with the CSRC for the proposed Listing under such new rules, primarily on the basis that we are not aware of any specific circumstance of our Group which falls into the circumstances stipulated in Article 7 of the draft Administrative Provisions that prohibit a domestic company from conducting an overseas listing. We believe that the draft Overseas Listing Regulations would not have a material adverse impact on our business operations, the Contractual Arrangements or the proposed Listing. Having taken into account the grounds as set out above, and the due diligence work conducted by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors that would reasonably cause the Joint Sponsors to disagree with the Directors' view above in any material aspect.

Furthermore, in a press conference held by the NDRC on January 18, 2022, a spokesperson made it clear that Article 6 of Interpretation Notes of the Special Management Measures for the Entry of Foreign Investment (Negative List) (2021 version) ("**Article 6 of the 2021 Negative List**") shall only apply to the situations where a domestic enterprise seeks a direct overseas listing. Therefore, our Directors are of the view that the requirements stipulated in Article 6 of the 2021 Negative list are currently not applicable to our proposed dual primary listing on the Stock Exchange with the VIE structure.

As of the Latest Practicable Date, we have not received any formal inquiry, notice, warning, sanction, or any regulatory objection to the Introduction from the CSRC or any other PRC regulatory agencies that have jurisdiction over our operations.

See also "Risk Factors – Risks Relating to Doing Business in China – The filing, approval or other administrative requirements of the CSRC or other PRC government authorities may be required in connection with the Introduction under PRC law." and "Regulations – Regulations Related to Overseas Listing."

Cybersecurity Review

On December 28, 2021, the Cyberspace Administration of China, or the CAC, together with several other governmental authorities, jointly released the Cybersecurity Review Measures (《網絡安全審查辦法》), which took effect on February 15, 2022. On November 14, 2021, the CAC published the Administration Regulations on Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the "**Draft Administration Regulations on Cyber Data Security**"). For details, see "Regulations – Regulations Related to Cybersecurity and Data Security." As of the date of this listing document, the Draft Administration Regulations on Cyber Data Security have not been formally adopted. It is uncertain when the final regulations will be issued and take effect, how they will be enacted, interpreted and implemented, and whether or to what extent they will affect us. As of the date of this listing document, we have not been involved in any material investigations, inquiries, or sanctions in relation to cybersecurity or data security or any cybersecurity review initiated by CAC or any other relevant PRC government authorities.

Considering that (i) the volume of personal information processed by us is far lower than the volume threshold of one million users, (ii) for operations in the PRC, we do not transfer important data and personal information overseas as we only use servers within the PRC to store data and do not allow foreign users to access data stored within the PRC, (iii) for the overseas business operation, we provide the cloud storage services for our customers in a localized approach outside the PRC, and (iv) we have not been informed, approached or designated as an operator of critical information infrastructure under the applicable PRC laws and regulations by any PRC governmental authorities as of the date of this listing document, we believe that no member of our Group is a critical information infrastructure operator, and the Measures for the Security Assessment of Cross-Border Data Transfer do not apply to our Group at the present stage.

Our Directors are of the view that, after consulting our PRC Legal Adviser, if the Draft Administration Regulations on Cyber Data Security were implemented in the current form, we would be able to comply with such regulations in all material respects, and such regulations would not have any material adverse effect on the Company's business operations or the proposed Listing on the basis that: (i) we have implemented necessary measures to ensure user privacy and data security and to comply with applicable cybersecurity and data privacy laws and regulations as disclosed in "Business – Data Privacy and Security"; (ii) as of the date of this listing document, we have not been subject to any material investigation, inquiry, or sanction in relation to cybersecurity or data privacy or any cybersecurity review from the CAC or any other relevant PRC government authority; (iii) during the Track Record Period and up to the date of this listing document, we have not been subject to any material fines or other material penalties due to non-compliance with cybersecurity or data privacy laws or regulations; and (iv) we will closely monitor and assess further regulatory developments regarding cybersecurity and data privacy laws, including the development of cybersecurity review, and comply with the latest regulatory requirements.

Having taken into account the view and analysis of the Directors and the PRC Legal Advisers as described above, and the due diligence conducted by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors that would cast doubt on the reasonableness of the views and conclusions of the Company, its Directors and its PRC Legal Advisor of the Company's compliance status or the impact on the Group's business operations or the proposed listing on the Exchange.

See also "Risk Factors – Risks Relating to Our Business and Industry – We face challenges from the evolving regulatory environment regarding cybersecurity, information security, privacy and data protection, and user attitude toward data privacy and protection. Many of these laws and regulations are subject to change and uncertain interpretation, and any actual or alleged failure to comply with related laws and regulations regarding cybersecurity, information security, data privacy and protection could materially and adversely affect our business and results of operations" and "Regulations – Regulations Related to Cybersecurity and Data Security."

The Holding Foreign Companies Accountable Act

In June 2022, we were conclusively identified by the SEC under the HFCAA as having filed audit reports issued by a registered public accounting firm that cannot be inspected or investigated completely by the PCAOB in connection with our filing of the annual report on Form 20-F for the fiscal year ended December 31, 2021.

The HFCAA states if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspection for the PCAOB for three consecutive years beginning in 2021, the SEC shall prohibit our shares or ADS from being traded on a national securities exchange or in the over-the-counter trading market in the U.S.. On December 15, 2022, the PCAOB released a statement confirming it has secured complete access to inspect and investigate registered public accounting firms headquartered in mainland China and Hong Kong, and it issued the 2022 HFCAA Determination Report to vacate its previous determinations to the contrary. Accordingly, our auditor is no longer identified as one of the registered public accounting firms that the PCAOB is unable to inspect or investigate completely. The PCAOB is continuing to demand complete access, and it will act immediately to reconsider such determinations should China obstruct, or otherwise fail to facilitate the PCAOB's access, at any time. Therefore, there is no guarantee that our auditor would not be identified again by the PCAOB in the future as a registered public accounting firm that the PCAOB is unable to inspect or investigate completely. In such event, we would again be subject to the trading prohibition under the HFCAA if we were so identified by the SEC for three consecutive years. Based on the foregoing, we believe that being listed as an SEC-identified issuer by the SEC has no immediate impact to our business operations, our ability to maintain our listing status on the Nasdaq and pursue the proposed Listing, or the Group as a whole.

The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment. See "Risk Factors – Risks Related to Doing Business in China – Our ADSs may be delisted and our ADSs and shares prohibited from trading on a national securities exchange or through any other method that is within the jurisdiction of the SEC to regulate, including through over-the-counter trading under the Holding Foreign Companies Accountable Act, or the HFCAA, if the PCAOB is unable to inspect or fully investigate auditors located in China. The delisting of our ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment."

Our Directors are of the view that being identified by the SEC under the HFCAA for the first time in June 2022 currently does not have an immediate impact on our status as a company listed on the Nasdaq, the Listing and, business operations and financial performance. However, the related risks and uncertainties could cause the value of the ADSs to decline. We are closely monitoring the evolving regulatory development to ensure compliance with all applicable laws and regulations in all relevant jurisdictions, including China and the United States. Having taken into account the grounds as set out above and the due diligence work conducted by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors that would reasonably cause the Joint Sponsors to disagree with the Directors' view above in any material aspect.