This summary aims to give you an overview of the information contained in this 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 Document. You should read the entire document before you decide to [**REDACTED**] *in the* [**REDACTED**].

There are risks associated with any [**REDACTED**]. *Some of the particular risks in* [**REDACTED**] *in the* [**REDACTED**] *are set out in "Risk Factors" in this Document. You should read that section carefully before you decide to* [**REDACTED**] *in the* [**REDACTED**]. *Various expressions used in this section are defined in the sections headed "Definitions" and "Glossary of Technical Terms".*

OVERVIEW

We are the largest independent cloud service provider in China in terms of revenue in 2021, according to Frost & Sullivan. We offer comprehensive, reliable and trusted cloud service to customers in strategically selected verticals. With extensive cloud infrastructure, cutting-edge cloud products based on our vigorous cloud technology R&D capabilities, well-architected industry-specific solutions and end-to-end fulfillment and deployment for customers, we achieved superior 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. We consistently ranked as the largest independent cloud service provider in China in terms of revenue in each of 2019, 2020 and 2021, according to Frost & Sullivan.

Cloud services offer a wide variety of benefits to enterprises and organizations, including (i) cost reduction, (ii) agility, scalability and reliability, and (iii) technology innovation, compared with traditional IT models. Accordingly, there has been a structural shift in global IT spending from traditional IT models to cloud services.

The global cloud service market has been going through strong and steady growth since 2014, and is expected to maintain such growth momentum. The size of cloud service market in the U.S. is expected to grow at a CAGR of 20.6% from 2021 to 2026, according to Frost & Sullivan. Since 2018, China has become the second largest cloud service market globally in terms of revenue, following the U.S., according to Frost & Sullivan. 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$145.8 billion in 2026, representing a CAGR of 26.3% from 2021 to 2026, according to Frost & Sullivan. In addition, China's cloud service market is well positioned for further growth potential as indicated by, among others, (i) its overall lower cloud service penetration, (ii) the strong and steady growth of cloud service market globally, (iii) increasing penetration in traditional enterprises and public service organizations and (iv) increasing demand for end-to-end cloud solutions and services. 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. 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. Many traditional, non-internet enterprises and organizations are not proficient with cloud stack and their existing IT architectures are not designed for the adoption of cloud solutions. As such, they are demanding for end-to-end cloud solution, starting from planning, to solution development, fulfillment and deployment, as well as ongoing maintenance and upgrade. We believe that we are well-positioned to capture the growth opportunities arising from these market trends.

Upholding the principle of platform neutrality and our position as an independent cloud service provider since inception, we have become a trustworthy brand of cloud services within the community of enterprise customers. With our full commitment to cloud service, we are relentlessly mobilizing our resources to enable our customers to successfully embrace the benefits of cloud solutions, to pursue their digital transformation strategies, and to create business value.

We have established our market leadership by addressing customers' comprehensive needs. We provide a full suite of cloud products combining unified IaaS infrastructure and PaaS middleware, and tailored business applications which support a wide range of use cases that enable our customers' diverse business objectives. We also offer our solutions in a holistic approach by merging our cloud solutions with dedicated customer services. Our end-to-end customer services cover planning, solution development, fulfillment and deployment, as well as ongoing maintenance and upgrade. The entire process is primarily executed by our in-house professionals, with strict adherence to high standards and full accountability.

We have strategically expanded our footprints into selected verticals as an early mover and have established a strong market presence and track record in each selected vertical through quality and efficient execution. As we continue to complete lighthouse projects with vertical leaders, we have accumulated proprietary industry know-how and deep understanding of each selected vertical, which enables us to stay forefront of industry-specific cloud solutions. We have also aligned our research and development efforts with our business focuses, which enables us to act swiftly and develop new product modules and features that are specifically tailored to address the ever-growing business needs encountered by our expanding customer base.

We implement a premium customer strategy, with a focus on covering leading enterprises in selected verticals to establish our brand and market presence efficiently. We have amassed a large, loyal and growing premium customer base with increasing spending. In 2019, 2020 and 2021, we had a total of 243, 322 and 597 Premium Customers, respectively. For the same periods, our net dollar retention rate of Public Cloud Service Premium Customers was 155%, 146% and 114%, respectively.

Our revenue increased by 66.2% from RMB3,956.4 million in 2019 to RMB6,577.3 million in 2020, and further increased by 37.8% to RMB9,060.8 million (US$1,421.8 million) in 2021, and from RMB1,813.5 million for the three months ended March 31, 2021 to RMB2,173.8 million (US$342.9 million) for the three months ended March 31, 2022.

OUR COMPETITIVE STRENGTHS

With our strategic vision and relentless focus on quality execution over the years, we have created a moat to maintain competitive advantages and become a brand of choice:

- Largest independent cloud service provider in China with established leadership and business scale, becoming a brand of choice for neutrality and trust;
- End-to-end cloud solution provider that offers high quality in-house fulfillment and deployment with a complete suite of products, leveraging our "To-B service DNA";
- Strategic vertical expansion with proven track record;
- Relentless customer-centric product development;
- Strong customer conversion capabilities and go-to-market efficiencies; and
- Visionary 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 superior growth and a stronger market position:

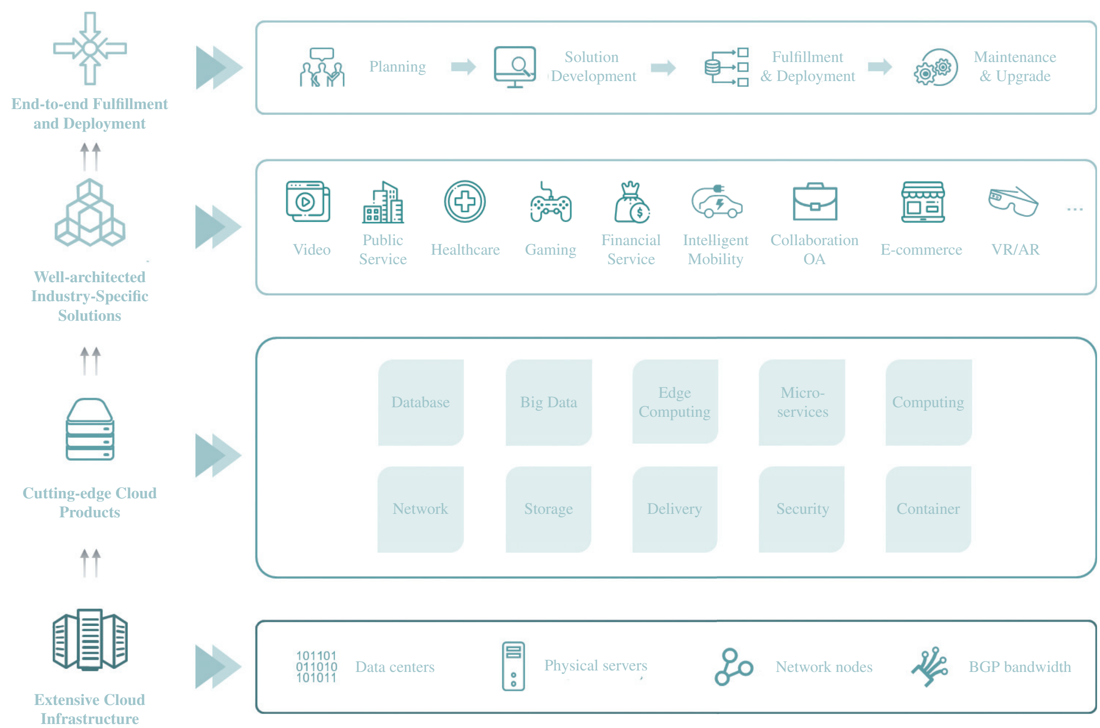
- Strengthen our market position in strategically selected verticals;
- Enhance our presence in new verticals and grow our customer base;
- Enhance our end-to-end solution and in-house fulfillment and deployment capabilities;
- Continue to invest in infrastructure and technology;
- Capitalize on scale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

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

OUR CLOUD PLATFORM

We are dedicated to providing high-quality cloud solutions to businesses and organizations across various sectors. We have built a comprehensive and reliable cloud platform consisting of extensive cloud infrastructure, cutting-edge cloud-native products, well-architected industry-specific solutions, and end-to-end services ranging from planning, solution development, fulfillment and deployment, as well as ongoing maintenance and upgrade.

The following chart illustrates our cloud platform:



REVENUE MODEL

Our cloud products and solutions can be deployed as (i) public cloud services, and (ii) enterprise cloud services. Our cloud solutions, both public cloud services and enterprise cloud services, are developed based on the same suite of underlying public cloud technology capabilities covering computing, storage and delivery. At the choice of customers, we offer different deployment methods to cater to their business needs. Our modularized public cloud products are purpose-built to be integrated with industry-specific cloud solutions. We also offer enterprise cloud deployment of our cloud products and solutions, primarily operated on-premise and dedicated to customers.

The following table illustrates details of our cloud services:

Category	Underlying Technology	Revenue 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.	Subscriptions – based on utilization and duration.	Operated on off-premise infrastructure and can be delivered over the internet. Underlying infrastructure can be shared by any customer.	• Low cost of ownership and maintenance costs • On-demand scalability • High reliability
Enterprise cloud services		Project-based on performance completion.	Operated on on-premise infrastructure. Underlying infrastructure is dedicated to specific customers.	• High control over security and privacy • Compliance with regulatory standards • Customizable to cater specific business needs

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

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. As of 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 lighthouse 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 aggregate accounted for 65.7%, 61.5%, 50.5% and 48.2% of our total revenues in 2019, 2020 and 2021 and the three months ended March 31, 2022, respectively. Our largest customer in each year during the Track Record Period accounted for approximately 30.9%, 28.1%, 21.9% and 17.9% of our total revenue for 2019, 2020 and 2021 and the three months ended March 31, 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 aggregate accounted for 31.8%, 28.1%, 22.0% and 22.4% of our total purchases in 2019, 2020 and 2021 and the three months ended March 31, 2022, respectively. Our largest supplier in each year during the Track Record Period accounted for approximately 10.0%, 9.3%, 8.5% and 8.1% of our total purchases for 2019, 2020 and 2021 and the three months ended March 31, 2022, respectively. For details, see "Business – Suppliers and Procurement."

BUSINESS SUSTAINABILITY AND PATH TO PROFITABILITY

We achieved sustained business development but were loss-making during the Track Record Period. In 2019, 2020 and 2021, and the three months ended March 31, 2022, we incurred net loss of RMB1,111.2 million, RMB962.2 million, RMB1,591.8 million (US$249.8 million), and RMB554.8 million (US$87.5 million), respectively.

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

- **continue to drive business development and optimize our service mix** with an increasing focus on enterprise cloud services, where we see favorable market trends and sustainable growth potential. Our revenue grew at a CAGR of 51.3% from 2019 to 2021, ranking second among major leading cloud service providers in China. Our revenue generated from enterprise cloud services 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 36.5% in the three months ended March 31, 2022;

- **effectively manage costs** by optimizing modularized products, re-utilizing proven solution components, and better aligning infrastructure resources with our strategic business focuses, which allow us to deliver solutions and services in a more efficient manner. We have significantly improved gross profit, achieving gross profit breakeven in 2019, and achieved gross profit margin of 3.9% in 2021; and

- **improve operational efficiency**, 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. Our operating expenses as a percentage of total revenue was 29.1%, 23.8% and 23.9% in 2019, 2020 and 2021, respectively, and we expect that such percentage will continue to decrease in the long term as we further improve operational efficiency going forward.

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

RISK FACTORS

Our operations and the [**REDACTED**] involve certain risks and uncertainties, some of which are beyond our control and may affect your decision to [**REDACTED**] in us and/or the value of your [**REDACTED**]. See "Risk Factors" for details of our risk factors, which we strongly urge you to read in full before making an [**REDACTED**] 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.

- To support our business growth, we are continuously optimizing and expanding our infrastructure including data centers, and investing substantially in our research and development efforts, 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.

- Although we have been increasing and diversifying our customer base, we receive a substantial portion of our revenues from a limited number of customers, and the loss of, or a significant reduction in usage by, one or more of our Premium Customers would result in lower revenues and could harm our business.

- We operate in a fast-growing market. If our market does not grow as we expect, or if we fail to adapt and respond effectively to rapidly changing technology, evolving industry standards, changing regulations, and changing customer needs, requirements or preferences, our products and solutions may become less competitive.

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

- 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.

- 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. If the PRC government finds such agreements that establish the structure for operating our businesses in China non-compliant with relevant PRC laws, regulations, and rules, or if these laws, regulations, and rules or the interpretation thereof change in the future, we could be subject to severe penalties or be forced to relinquish our interests in our Consolidated Affiliated Entities.

- A severe or prolonged downturn in the PRC or global economy could materially and adversely affect our business, results of operations and financial condition.

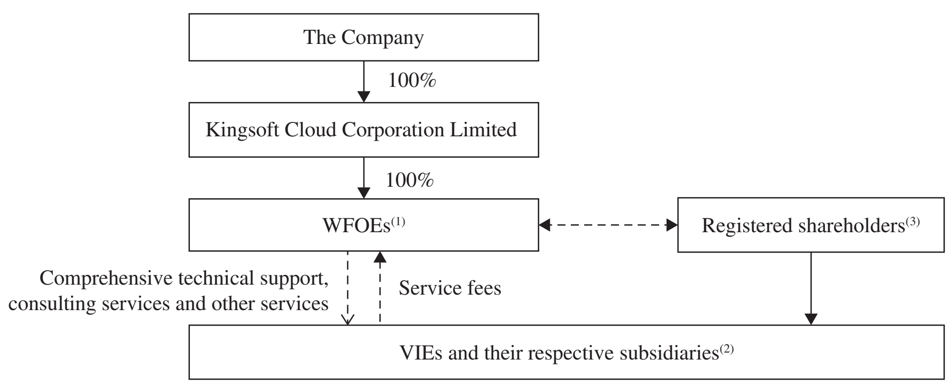
- The filing, approval or other administrative requirements of the CSRC or other PRC government authorities may be required in connection with the [**REDACTED**] under PRC law.

- 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. On December 16, 2021, PCAOB issued the HFCAA Determination Report, according to which our independent registered public accounting firm is subject to the determinations that the PCAOB is unable to inspect or investigate completely. Under the current law, delisting and prohibition from over-the-counter trading in the U.S. could take place in 2024. The delisting of our ADSs, or the threat of their being delisted, may materially and adversely affect the value of your [**REDACTED**].

CONTRACTUAL ARRANGEMENTS

As disclosed in the section headed "Contractual Arrangements" in this 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".

The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Company under the Contractual Arrangements:



Notes:

(1) The WFOEs refer to Beijing Kingsoft Cloud and Yunxiang Zhisheng.

(2) The VIEs refer to Zhuhai Kingsoft Cloud and Kingsoft Cloud Information. Each of Nanjing Qianyi, Kingsoft Cloud Tianjin and Shanghai Jinxun Ruibo is a subsidiary of Kingsoft Cloud Network, which is wholly owned by Zhuhai Kingsoft Cloud. Each of Chibi Kingsoft Cloud Network Technology Co., Ltd.* (赤壁金山雲網絡技術有限公司), one of the Project Entities, and Shenzhen Yunfan is a subsidiary of Wuhan Kingsoft Cloud, which is indirectly wholly owned by Kingsoft Cloud Information through Beijing Jinxun Ruibo. Each of the remaining Project Entities, including Rizhao Kingsoft Cloud Network Technology Co., Ltd.* (日照金山雲網絡技術有限公司), Kingsoft Cloud Network Technology (Jiangsu) Co., Ltd.* (金山雲網絡技術(江蘇)有限公司), Kingsoft Cloud (Qingyang) Data Information Technology Co., Ltd.* (金山雲(慶陽)數據信息科技有限公司), Kingsoft Cloud Intelligent City Technology (Guizhou) Co., Ltd.* (金山雲智慧城市科技(貴州)有限公司) and Kingsoft Cloud Perception City Technology (Anhui) Co., Ltd.* (金山雲感知城市科技(安徽)有限公司) and its subsidiary Changjiang Digital Technology (Anhui) Co., Ltd.* (長江數字科技(安徽)有限公司), is a subsidiary of Kingsoft Cloud Network, which is wholly owned by Zhuhai Kingsoft Cloud.

(3) Zhuhai Kingsoft Cloud is held as to 79.60% and 20.40% by Beijing Digital Entertainment and Ms. Qiu Weiqin, respectively, as registered shareholders. Kingsoft Cloud Information is held as to 80% and 20% by Ms. Qiu Weiqin and Mr. Wang Yulin, our executive Director and Chief Executive Officer, respectively, as registered shareholders.

(4) "$\longrightarrow$" denotes direct legal and beneficial ownership in the equity interest.

(5) "$\dashrightarrow$" denotes contractual relationship.

(6) "$\dashleftarrow\dashrightarrow$" denotes the control by WFOEs over the registered shareholders and our Consolidated Affiliated Entities through (i) powers of attorney to exercise all shareholders' rights in the Consolidated Affiliated Entities; (ii) exclusive call options to acquire all or part of the equity interests in the Consolidated Affiliated Entities; and (iii) equity interest pledges over the equity interests in the Consolidated Affiliated Entities.

RELATIONSHIP WITH KINGSOFT CORPORATION

Immediately upon completion of the [**REDACTED**] (without taking into account any Shares to be allotted and issued upon the exercise of the [**REDACTED**] and 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 [**REDACTED**]% 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 [**REDACTED**].

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."

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 and the unaudited interim condensed consolidated financial information set out in Appendix IB. 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 Document, as well as the consolidated financial statements in this 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 and the unaudited interim condensed consolidated financial information set out in Appendix IB:

	For the Year Ended December 31,							For the Three Months Ended March 31,				
	2019		2020		2021			2021		2022		
	RMB	*%*	*RMB*	*%*	*RMB*	*US$*	*%*	*RMB*	*%*	*RMB*	*US$*	*%*
								(unaudited)		*(unaudited)*		
	(in thousands, except for percentages)											
Selected Consolidated Statements of Operation:												
Revenues												
Public cloud services	3,458,843	87.4	5,166,851	78.5	6,159,085	966,495	68.0	1,391,833	76.7	1,380,807	217,817	63.5
Enterprise cloud services	486,308	12.3	1,372,689	20.9	2,897,817	454,731	32.0	420,032	23.2	792,509	125,015	36.5
Others	11,202	0.3	37,767	0.6	3,882	609	0.0	1,667	0.1	493	78	0.0
Total revenues	**3,956,353**	**100.0**	**6,577,307**	**100.0**	**9,060,784**	**1,421,835**	**100.0**	**1,813,532**	**100.0**	**2,173,809**	**342,910**	**100.0**
Cost of revenues	(3,948,644)	(99.8)	(6,220,324)	(94.6)	(8,709,496)	(1,366,710)	(96.1)	(1,697,029)	(93.6)	(2,093,851)	(330,297)	(96.3)
Gross profit	**7,709**	**0.2**	**356,983**	**5.4**	**351,288**	**55,125**	**3.9**	**116,503**	**6.4**	**79,958**	**12,613**	**3.7**
Operating expenses												
Selling and marketing expenses	(317,426)	(8.0)	(409,211)	(6.2)	(518,167)	(81,312)	(5.7)	(112.826)	(6.2)	(144,405)	(22,779)	(6.6)
General and administrative expenses	(238,648)	(6.0)	(379,892)	(5.8)	(601,702)	(94,420)	(6.6)	(91,177)	(5.0)	(221,763)	(34,982)	(10.2)
Research and development expenses	(595,169)	(15.1)	(775,130)	(11.8)	(1,043,811)	(163,797)	(11.6)	(264,636)	(14.6)	(246,633)	(38,905)	(11.4)
Total operating expenses	**(1,151,243)**	**(29.1)**	**(1,564,233)**	**(23.8)**	**(2,163,680)**	**(339,529)**	**(23.9)**	**(468,639)**	**(25.8)**	**(612,801)**	**(96,666)**	**(28.2)**
Operating loss	**(1,143,534)**	**(28.9)**	**(1,207,250)**	**(18.4)**	**(1,812,392)**	**(284,404)**	**(20.0)**	**(352,136)**	**(19.4)**	**(532,843)**	**(84,053)**	**(24.5)**
Interest income	78,612	1.9	77,118	1.2	71,942	11,289	0.8	17,746	1.0	21,157	3,337	1.1
Interest expenses	(4,925)	(0.1)	(9,453)	(0.1)	(52,040)	(8,166)	(0.6)	(3,866)	(0.2)	(34,066)	(5,374)	(1.6)
Foreign exchange (loss)/gain	(38,961)	(1.0)	188,800	2.9	37,822	5,935	0.5	(48,375)	(2.7)	(18,741)	(2,956)	(0.9)
Other gain/(loss), net	–	–	14,301	0.2	83,606	13,120	0.9	5,782	0.3	(12,035)	(1,898)	(0.6)
Other income/(expense), net	6,612	0.2	(10,810)	(0.2)	95,047	14,915	1.0	1,926	0.1	20,038	3,161	0.9
Loss before income taxes	**(1,102,196)**	**(27.9)**	**(947,294)**	**(14.4)**	**(1,576,015)**	**(247,311)**	**(17.4)**	**(378,923)**	**(20.9)**	**(556,490)**	**(87,783)**	**(25.6)**
Income tax (expense)/benefit	(9,003)	(0.2)	(14,904)	(0.2)	(15,741)	(2,470)	(0.2)	(3,286)	(0.2)	1,670	263	0.1
Net loss	**(1,111,199)**	**(28.1)**	**(962,198)**	**(14.6)**	**(1,591,756)**	**(249,781)**	**(17.6)**	**(382,209)**	**(21.1)**	**(554,820)**	**(87,520)**	**(25.5)**

	For the Year Ended December 31,							For the Three Months Ended March 31,				
	2019		2020		2021			2021		2022		
	RMB	*%*	*RMB*	*%*	*RMB*	*US$*	*%*	*RMB*	*%*	*RMB*	*US$*	*%*
								(unaudited)		*(unaudited)*		
	(in thousands, except for percentages)											
Net loss attributable to:												
Kingsoft Cloud Holdings Limited	(1,111,199)	(28.1)	(962,259)	(14.6)	(1,588,712)	(249,303)	(17.5)	(382,464)	(21.1)	(553,249)	(87,272)	(25.4)
Non-controlling interests	–	–	61	0.0	(3,044)	(478)	(0.1)	255	0.0	(1,571)	(248)	(0.1)
	(1,111,199)	**(28.1)**	**(962,198)**	**(14.6)**	**(1,591,756)**	**(249,781)**	**(17.6)**	**(382,209)**	**(21.1)**	**(554,820)**	**(87,520)**	**(25.5)**

We primarily derive our revenues from (i) public cloud services, and (ii) enterprise cloud services. Our revenue increased by 19.9% from RMB1,813.5 million for the three months ended March 31, 2021 to RMB2,173.8 million (US$342.9 million) for the three months ended March 31, 2022, driven by the solid growth of our core cloud offerings, including cloud computing services and enterprise cloud services. 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.

Our cost of revenues increased by 23.4% from RMB1,697.0 million for the three months ended March 31, 2021 to RMB2,093.9 million (US$330.3 million) for the three months ended March 31, 2022, primarily attributable to an increase in depreciation and amortization costs by RMB71.3 million which was largely in line with our property and equipment growth rate as we expanded and optimized our infrastructure to support strategic business growth, as well as an increase in solution development and services costs by RMB466.4 million as we integrated with Camelot to allocate more resources to develop and deliver the end-to-end solutions that our customers increasingly demand.

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 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.

For details, see "Financial Information" and the Accountants' Report set forth in Appendix IA and the unaudited interim condensed consolidated financial information set out in Appendix IB.

Non-GAAP Financial Measure

In evaluating our business, we consider and use certain non-GAAP measures, including adjusted gross (loss)/profit, adjusted gross margin, adjusted EBITDA, adjusted EBITDA margin, adjusted net loss and adjusted net loss margin, 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 [**REDACTED**] 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 Gross (Loss)/Profit and Adjusted Gross Margin (Non-GAAP Measures)

We define non-GAAP adjusted gross profit as gross profit excluding share-based compensation, which is non-cash in nature, allocated in the cost of revenues, and we define non-GAAP adjusted gross margin as non-GAAP adjusted gross profit as a percentage of revenues. The following tables reconcile our non-GAAP adjusted gross profit (margin) in 2019, 2020 and 2021 and the three months ended March 31, 2021 and 2022 to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP.

	For the Year Ended December 31,				For the Three Months Ended March 31,		
	2019	2020	2021		2021	2022	
	RMB	*RMB*	*RMB*	*US$*	*RMB*	*RMB*	*US$*
					(unaudited)	*(unaudited)*	
			(in thousands)				
Gross profit	7,709	356,983	351,288	55,125	116,503	79,958	12,613
Adjustments:							
Share-based compensation (allocated in cost of revenues)	8,509	10,614	17,481	2,743	5,499	3,619	571
Adjusted gross profit	16,218	367,597	368,769	57,868	122,002	83,577	13,184

	For the Year Ended December 31,			For the Three Months Ended March 31,	
	2019	2020	2021	2021	2022
			(%)		
Gross margin	0.2	5.4	3.9	6.4	3.7
Adjusted gross margin	0.4	5.6	4.1	6.7	3.8

Adjusted Net Loss and Adjusted EBITDA (Non-GAAP Measures)

We define non-GAAP adjusted net loss as net loss excluding (i) share-based compensation, which is non-cash in nature, and (ii) foreign exchange (gain)/loss, other (gain)/loss, net (primarily consisting of net gains or losses from changes in fair value of equity investments and purchase consideration of a business acquisition) and other (income)/expense, net, (primarily consisting of reimbursements from the ADR depository bank and government allowances and subsidies) which are not directly indicative of our business operations, and we define non-GAAP adjusted net loss margin as adjusted net loss as a percentage of revenues. We define non-GAAP adjusted EBITDA as non-GAAP adjusted net loss excluding interest income, interest expense, income tax expense and depreciation and amortization, and we define non-GAAP adjusted EBITDA margin as non-GAAP adjusted EBITDA as a percentage of revenues. The following tables reconcile our non-GAAP adjusted net loss (margin) and non-GAAP adjusted EBITDA (margin) in 2019, 2020 and 2021 and the three months ended March 31, 2021 and 2022 to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP.

	For the Year Ended December 31,				For the Three Months Ended March 31,		
	2019	2020	2021		2021	2022	
	RMB	*RMB*	*RMB*	*US$*	*RMB*	*RMB*	*US$*
					(unaudited)	*(unaudited)*	
	(in thousands)						
Net loss	**(1,111,199)**	**(962,198)**	**(1,591,756)**	**(249,781)**	**(382,209)**	**(554,820)**	**(87,520)**
Adjustment:							
Share-based compensation	121,279	330,114	434,350	68,159	123,113	93,182	14,699
Foreign exchange loss/(gain)	38,961	(188,800)	(37,822)	(5,935)	48,375	18,741	2,956
Other (gain)/loss, net	–	(14,301)	(83,606)	(13,120)	(5,782)	12,035	1,898
Other (income)/expense, net	(6,612)	10,810	(95,047)	(14,915)	(1,926)	(20,038)	(3,161)
Adjusted net loss	**(957,571)**	**(824,375)**	**(1,373,881)**	**(215,592)**	**(218,429)**	**(450,900)**	**(71,128)**
Adjusted net loss	**(957,571)**	**(824,375)**	**(1,373,881)**	**(215,592)**	**(218,429)**	**(450,900)**	**(71,128)**
Adjustments:							
Interest income	(78,612)	(77,118)	(71,942)	(11,289)	(17,746)	(21,157)	(3,337)
Interest expense	4,925	9,453	52,040	8,166	3,866	34,066	5,374
Income tax expense/(benefit)	9,003	14,904	15,741	2,470	3,286	(1,670)	(263)
Depreciation and amortization	604,581	758,038	855,604	134,263	180,466	287,481	45,349
Adjusted EBITDA	**(417,674)**	**(119,098)**	**(522,438)**	**(81,982)**	**(48,557)**	**(152,180)**	**(24,005)**

	For the Year Ended December 31,			For the Three Months Ended March 31,	
	2019	2020	2021	2021	2022
	(%)				
Net loss margin	(28.1)	(14.6)	(17.6)	(21.1)	(25.5)
Adjusted net loss margin	(24.2)	(12.5)	(15.2)	(12.0)	(20.7)
Adjusted EBITDA margin	(10.6)	(1.8)	(5.8)	(2.7)	(7.0)

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 and the unaudited interim condensed consolidated financial information set out in Appendix IB:

	As of December 31,				As of March 31,	
	2019	2020	2021		2022	
	RMB	*RMB*	*RMB*	*US$*	*RMB*	*US$*
					(unaudited)	
			(in thousands)			
ASSETS						
Current assets						
Cash and cash equivalents	2,023,263	3,424,674	4,217,528	661,822	3,219,414	507,850
Restricted cash	–	–	239,093	37,519	163,025	25,717
Accounts receivable, net of allowance	1,347,481	2,334,871	3,570,975	560,364	3,525,311	556,104
Short-term investments	225,425	2,693,019	2,491,056	390,901	2,384,549	376,153
Prepayments and other assets	421,938	887,086	1,687,021	264,730	1,669,145	263,303
Amounts due from related parties	131,632	205,068	207,143	32,505	311,306	49,107
Total current assets	**4,149,739**	**9,544,718**	**12,412,816**	**1,947,841**	**11,272,750**	**1,778,234**
Non-current assets						
Property and equipment, net	1,720,974	1,956,790	2,364,103	370,979	2,421,162	381,929
Goodwill	–	–	4,625,115	725,781	4,609,847	727,185
Total non-current assets(1)	**1,882,082**	**2,384,496**	**8,665,224**	**1,359,763**	**8,663,105**	**1,366,571**
Total assets	**6,031,821**	**11,929,214**	**21,078,040**	**3,307,604**	**19,935,855**	**3,144,805**
LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' (DEFICIT) EQUITY						
Current liabilities						
Accounts payable	1,254,589	2,057,355	2,938,632	461,135	2,580,718	407,098
Accrued expenses and other current liabilities	949,213	845,374	2,223,840	348,969	1,843,193	290,757
Short-term bank loans	–	278,488	1,348,166	211,557	1,491,144	235,222
Long-term bank loan, current portion	100,000	74,351	–	–	–	–

	As of December 31,				As of March 31,	
	2019	2020	2021		2022	
	RMB	*RMB*	*RMB*	*US$*	*RMB*	*US$*
					(unaudited)	
			(in thousands)			
Income tax payable	11,930	20,564	60,217	9,449	41,482	6,544
Amounts due to related parties	104,259	112,998	836,435	131,255	824,737	130,099
Current operating lease liabilities(1)	–	76,469	108,590	17,040	111,759	17,630
Total current liabilities	**2,419,991**	**3,465,599**	**7,515,880**	**1,179,405**	**6,893,033**	**1,087,350**
Other liabilities	–	40,578	1,232,677	193,434	1,239,669	195,553
Total non-current liabilities(1)	**74,557**	**223,565**	**2,069,737**	**324,787**	**2,026,431**	**319,662**
Total liabilities	**2,494,548**	**3,689,164**	**9,585,617**	**1,504,192**	**8,919,464**	**1,407,012**
Total mezzanine equity	**7,734,532**	**–**	**–**	**–**	**–**	**–**
Total shareholders' (deficit) equity	**(4,197,259)**	**8,239,989**	**10,603,949**	**1,663,991**	**10,134,504**	**1,598,679**
Total liabilities, mezzanine equity and shareholders' equity	**6,031,821**	**11,929,214**	**21,078,040**	**3,307,604**	**19,935,855**	**3,144,805**

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), RMB4,379.7 million (US$690.9 million) and RMB4,144.9 million (US$614.5 million), as of December 31, 2019, 2020 and 2021, March 31, 2022 and May 31, 2022, respectively.

Our net current assets decreased from RMB4,379.7 million (US$690.9 million) as of March 31, 2022 to RMB4,144.9 million (US$614.5 million) as of May 31, 2022, mainly due to a decrease in accounts receivables, net of allowance from RMB3,525.3 million (US$556.1 million) to RMB3,085.9 million (US$457.5 million) primarily due to the settlement of our account receivables, partially offset by a decrease of our short-term bank loans from RMB1,491.1 million (US$235.2 million) to RMB1,222.9 million (US$181.3 million) primarily due to our partial repayment of bank loans during the interim period.

Our net current assets decreased from RMB4,896.9 million (US$768.4 million) as of December 31, 2021 to RMB4,379.7 million (US$690.9 million) as of March 31, 2022, primarily due to a decrease in cash and cash equivalents from RMB4,217.5 million (US$661.8 million) to RMB3,219.4 million (US$507.9 million), primarily due to our cash outflows in operating activities and investing activities, partially offset by (i) a decrease in accrued expenses and other current liabilities from RMB2,223.8 million (US$349.0 million) to RMB1,843.2 million (US$290.8 million) primarily due to our settlement of payables for the purchase of property and equipment, and (ii) a decrease in accounts payable from RMB2,938.6 million (US$461.1 million) to RMB2,580.7 million (US$407.1 million), primarily driven by our settlement of accounts payables.

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); (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.

For details, see "Financial Information – Discussion of Selected Items from the Consolidated Balance Sheets."

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 Three Months Ended March 31,		
	2019	2020	2021		2021	2022	
	RMB	*RMB*	*RMB*	*US$*		*RMB*	*US$*
		(in thousands)			*(unaudited)*	*(unaudited)*	
Net cash used in operating activities	(439,132)	(290,433)	(708,869)	(111,236)	(497,151)	(626,008)	(98,750)
Net cash (used in)/generated from investing activities	883,247	(4,314,003)	(421,623)	(66,162)	(238,180)	(524,766)	(82,780)
Net cash generated from financing activities	64,507	6,124,153	2,212,487	347,187	98,854	97,609	15,397
Net increase/(decrease) in cash, cash equivalents and restricted cash	508,622	1,519,717	1,081,995	169,789	(636,477)	(1,053,165)	(166,133)
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	703,015
Effect of exchange rate changes on cash, cash equivalents and restricted cash	7,570	(118,306)	(50,048)	(7,854)	5,251	(21,017)	(3,315)
Cash, cash equivalents and restricted cash at end of the year/period	**2,023,263**	**3,424,674**	**4,456,621**	**699,341**	**2,793,448**	**3,382,439**	**533,567**

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 RMB382.2 million and RMB554.8 million (US$87.5 million) during the three months ended March 31, 2021 and 2022. As of March 31, 2022, we had an accumulated deficit of RMB8,012.0 million (US$1,263.9 million). We recorded net operating cash outflows of RMB439.1 million, RMB290.4 million, RMB708.9 million (US$111.2 million) and RMB626.0 million (US$98.8 million) in 2019, 2020 and 2021 and the three months ended March 31, 2022, respectively. 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."

Our ability to improve our net operating cash flow is largely depending on our ability to improve profitability. For details of our plan to improve our financial performance, see "Business – Business Sustainability and Path to Profitability." With our improving profitability, we also expect our operating cash flow to improve concurrently. Moreover, we plan to enhance our working capital management efficiency to improve our net operating cash outflow positions. We plan to enhance our management of trade receivables by continually monitoring the credit profiles and operating and financial conditions of our customers and proactively following up on our customers to ensure their payments as scheduled. For details, see "Financial Information – Liquidity and Capital Resources – Working Capital."

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

We completed the acquisition of Camelot in September 2021, and its results of operations have been consolidated into ours since then. Our statement of comprehensive profit or loss from the year ended December 31, 2021 consolidates the results of Camelot since September 2021. For details, see "History, Development and Corporate Structure – Acquisition of Camelot."

For discussion and analysis of the historical financial information of Camelot for the years ended December 31, 2019 and 2020 and the period ended September 3, 2021, see "Financial Information – Financial Information of Camelot."

APPLICATION FOR [REDACTED] 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 [**REDACTED**] of our ordinary shares on the Stock Exchange. Application has been made to the Listing Committee for the [**REDACTED**] of, and permission to [**REDACTED**], our Shares in issue, and those that may be issued pursuant to (i) the [**REDACTED**] (including the [**REDACTED**]) and (ii) the exercise of any awards that have been or may be granted under the Equity Incentive Plans.

FUTURE PLANS AND USE OF [REDACTED]

We estimate that we will receive [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**] million, after deducting [**REDACTED**], fees and estimated expenses payable by us in connection with the [**REDACTED**], assuming no [**REDACTED**] is exercised and based upon an indicative [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] for both the [**REDACTED**] and the [**REDACTED**], or HK$[**REDACTED**] million if the [**REDACTED**] is exercised in full.

We intend to use the [**REDACTED**] we expect to receive from the [**REDACTED**] for the purposes and in the amounts set out below.

- Approximately [**REDACTED**], or HK$[**REDACTED**], will be used for upgrading our technology infrastructure to support our core business growth, including purchase of high-performance servers and procurement of data center services in the next 24 months.

- Approximately [**REDACTED**], or HK$[**REDACTED**], will be used for technology, products and solutions development in the next 24 months to strengthen our capabilities in meeting market demands.

- Approximately [**REDACTED**], or HK$[**REDACTED**], will be used for expanding our ecosystem through strategic partnership and investments in the next 36 months. As of the Latest Practicable Date, we did not identify any investment target in this regard.

- Approximately [**REDACTED**], or HK$[**REDACTED**], will be used for general corporate purposes.

For details, see "Future Plans and Use of [**REDACTED**]."

[**REDACTED**]

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. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant. If we pay any dividends on our ordinary shares, we will pay those dividends which are payable in respect of the ordinary shares underlying the ADSs to the depositary, as the registered holder of such ordinary shares, and the depositary then will pay such amounts to the ADS holders in proportion to the underlying ordinary shares represented by the ADSs held by such ADS holders, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. 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.

[**REDACTED**] EXPENSES

Our [**REDACTED**] expenses in connection with the [**REDACTED**] are estimated to be approximately RMB[**REDACTED**] (equivalent to approximately US$[**REDACTED**]), including (i) [**REDACTED**] related expenses of approximately RMB[**REDACTED**], and (ii) non-[**REDACTED**] related expenses of approximately RMB[**REDACTED**], which consist of fees and expenses of legal advisers and accountants of approximately RMB[**REDACTED**] and other fees and expenses of approximately RMB[**REDACTED**], assuming the [**REDACTED**] is not exercised and based upon an indicative [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] for both the [**REDACTED**] and the [**REDACTED**]. These [**REDACTED**] expenses mainly comprise professional fees paid and payable to the professional parties, and commissions payable to the [**REDACTED**], for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**].

RECENT DEVELOPMENTS

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.

These uncertainties may have impacts to our financial performance, to the extent it affects the general economic status, our customers, suppliers, other business partners, and our own operations. However, as a result of the balance of our businesses with exposure to diverse verticals and revenue models, such impacts are mixed in direction. On one hand, (i) travel restriction measures adopted by government authorities may limit our ability to provide on-site services to customers and delay project deployment completion, and (ii) businesses negatively impacted by the pandemic may cut their procurement budget, including cloud budget. On the other hand, the pandemic accelerated 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 experiencing business fluctuations in the pandemic may consider cloud services to obtain better agility and cost control in the mid-to-long run.

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 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 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**") 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. The "indirect overseas offering and listing" of PRC domestic companies refers to such securities offering and listing in an overseas market made in the name of an offshore entity, but based on the underlying equity, assets, earnings or other similar rights of a domestic company which operates its main business domestically. As of the date of this Document, it remains uncertain when the final Administrative Provisions and Filing Measures will be adopted and whether they will be adopted in the current draft form. If the Administrative Provisions and Filing Measures are adopted in the current form before the [**REDACTED**] is completed, we may be required to file the relevant documents with the CSRC and complete the filing procedures with the CSRC in connection with the [**REDACTED**].

As of the Latest Practicable Date, we have not received any formal inquiry, notice, warning, sanction, or any regulatory objection to the [**REDACTED**] 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 [**REDACTED**] under PRC law." and "Regulations – Regulations Related to Overseas Listing."

Cybersecurity Review

In early July 2021, regulatory authorities in China launched cybersecurity investigations with regard to several China-based companies listed in the United States. 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. Pursuant to the Cybersecurity Review Measures, the purchase of network products and services by an operator of critical information infrastructure or the data processing activities of a network platform operator that affect or may affect national security will be subject to a cybersecurity review. In addition, network platform operators with personal information of over one million users shall be subject to cybersecurity review before listing abroad (國外上市). The competent governmental authorities may also initiate a cybersecurity review against the operators if the authorities believe that the network product or service or data processing activities of such operators affect or may affect national security. Given the Cybersecurity Review Measures came into effect recently, their interpretation, application and enforcement are subject to substantial uncertainties. 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**"), which provides the circumstances under which data processors shall apply for cybersecurity review. As of the date of this Document, the Draft Administration Regulations on Cyber Data Security have not been formally adopted. It is uncertain when the final regulation will be issued and take effect, how it will be enacted, interpreted and implemented, and whether or to what extent it will affect us.

On July 30, 2021, the State Council promulgated the Regulations on Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), effective on September 1, 2021, which provide that a "critical information infrastructure" refers to an important network facility and information system in important industries. According to the Regulations on Security Protection of Critical Information Infrastructure, the competent PRC government authorities of important industries and sectors are responsible for identifying critical information infrastructures in their own industries and sectors based on the identification rules and informing the operator of the critical information infrastructure if such infrastructure is identified and designated as critical information infrastructure in a timely manner. The PRC government authorities have discretion in the identification of critical information infrastructures as well as the interpretation and enforcement of these regulations.

Based on the facts that (i) we have implemented comprehensive measures to ensure user privacy and data security and to comply with applicable cybersecurity and data privacy laws and regulations in all material respects as disclosed in "Business – Data Privacy and Security," (ii) the Cybersecurity Review Measures came into effect recently and the Draft Administration Regulations on Cyber Data Security have not been formally adopted, and the implementation and interpretation of both are subject to uncertainties, and (iii) we have not been involved in any investigations on cybersecurity review initiated by the CAC on such basis and nor have we received any inquiry, notice, warning, or sanctions in such respect, after consulting with our PRC Legal Adviser, our Directors are of the view that such regulations do not have a material adverse impact on our business operations and financial performance as of the date of this Document, and will not affect our compliance with laws and regulations in any material aspects as of the date of this Document. As of the Latest Practicable Date, we had not received any cybersecurity, data security and personal data protection related inquiries, any material fines or other material penalties from any competent PRC regulatory authorities. As there might be newly issued explanations or implementation rules on the existing regulations, laws and opinions or the draft measures or regulations mentioned above might become effective, we will actively monitor future regulatory and policy changes to ensure strict compliance with all applicable laws and regulations.

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."

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, as of the Latest Practicable Date, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since March 31, 2022, the end of the period reported on the unaudited interim condensed consolidated financial information included in Appendix IB.