BUSINESS

OUR MISSION

Our mission is to become customers' trusted partner to embrace digitalization.

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-native 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 service offers a wide variety of benefits to enterprises and organizations, including (i) cost reduction, (ii) agility, scalability, 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. The Chinese 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.. China is entering into a new phase of digitalization, with an increasing number of non-internet enterprises and organizations accelerating their digitalization, and adopting cloud-native technologies that were incubated in internet space. 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.

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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.

BUSINESS

MARKET OPPORTUNITIES AND CHALLENGES

Market Opportunities

Compared to the U.S. cloud service market, the Chinese market is still at a relatively early stage with tremendous potential indicated by its relatively lower cloud service penetration rate of 9.7% in 2021, as compared to 22.1% in the U.S.

Driven by the needs to (i) prevent data loss and downtime due to localized component failure in a single cloud, (ii) to ensure continued high-quality performance, (iii) to reduce latency by geographical distribution of processing requests, (iv) to minimize the dependency on a single cloud service provider, and the strengthening regulatory environment, multi-cloud deployment has become an essential trend in China. In 2021, while 87.9% of enterprises with over 1,000 employees deployed multi-cloud in the U.S., only 48.7% of those in China were doing the same. China's multi-cloud deployment rate is expected to increase to 75.0% in 2026.

Internet Cloud Service Market

There is increasing penetration of internet and mobile devices in China. The massive data demand of the internet industry is one of the main drivers of China's cloud service market. A wide spectrum of businesses is transforming themselves to offer internet-based services to their customers. In particular, new economies related industries such as video, gaming, and e-commerce have been growing significantly, driving the further demand for cloud resources. Internet cloud service market for these verticals continues to witness strong growth. According to Frost & Sullivan, the internet cloud service market in China is expected to grow at a CAGR of 19.4% from 2021 to 2026.

Non-internet Cloud Service Market

While the cloud-native technology and products are incubated in internet space, non-internet enterprises and organizations are also planning to accelerate digital transformation through cloud adoption, which become another catalyst for cloud service market growth in China. The overall profile of such non-internet enterprise customers in China is characterized by the following key features:

• Spanning across a wide range of traditional sectors such as financial services, healthcare, manufacturing, logistics, etc.

• Well established, with large-scale incumbent conventional on-premises IT environment

• Complex and diverse business scenarios involving issue around data silos

• Subject to increasingly stringent data security requirements

BUSINESS

With multi-faceted considerations, including regulatory requirements and legacy IT premises, customers from certain sectors tend to demand for dedicated solutions deployed in designated locations which they could physically control. With dedicated solutions, enterprises and organizations are able to bring benefits about public cloud to their own premises while mitigating restrictions and concerns they may face with moving infrastructure off proprietary premises. The size of China's non-internet cloud service market increased from RMB61.0 billion in 2017 to RMB203.9 billion in 2021, representing a CAGR of 35.2%, and is expected to reach RMB687.2 billion in 2026, representing a CAGR of 27.5% from 2021 to 2026, according to Frost & Sullivan.

Pain Points Facing Enterprises and Organizations

Cloud migration has become long-term commitments of enterprises and organizations. However, they still face challenges in digitalization and to cloud migration:

- **Large-scale business requires reliable cloud architecture.** Enterprises with large-scale business operations require massive cloud resources deployed in a highly-reliable architecture, with cloud technologies to support EB-level storage, high concurrency computing, and demands for database and big data capabilities.

- **Unaddressed demand for end-to-end cloud solution.** Many 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 adoption solution, starting from planning, to solution development, fulfillment and deployment, as well as ongoing maintenance and upgrade. As they are generally seeking for dedicated solutions, which is to be deployed on their own premises, enterprises and organizations expect cloud vendors to provide localized deployment services to address all complexities on site.

- **Demand for purpose-built industry-specific solutions.** Many enterprises and organizations are pursing digitalization, not only looking for flexible and scalable IT resources, but also next-generation cloud-native applications which help them capture the value of cloud technology. Enterprises and organizations desire for industry-specific solutions which are purpose-built for their business scenarios.

- **High requirement for continuous service and timely response.** Post the initial cloud project deployment, enterprises and organizations need to upgrade their systems periodically in response to evolving business environments. This leads to strong demand for continuous services and high requirements for cloud vendors to provide timely response and customized solutions.

- **Imminent demands for digitalization to provide online experience.** The proliferation of mobile devices and customers' ever-growing expectation for online experience have driven non-internet enterprises and organizations to apply cloud technologies to accelerate digitalization, and to provide products and services via internet.

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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:
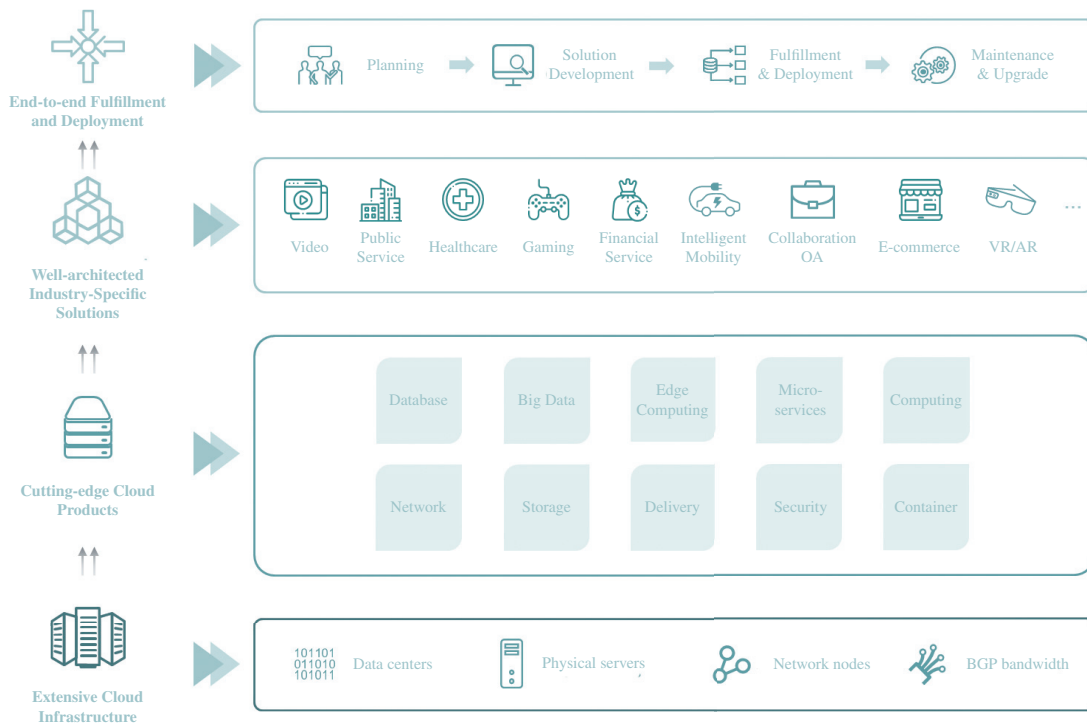
BUSINESS

- *Extensive cloud infrastructure.* We have established industry-leading cloud infrastructure which is the foundation of our cloud platform. As of March 31, 2022, we had more than 110,000 servers, and achieved exabyte-level (which equals to 1,000,000,000 gigabytes) storage capacity.

- *Cutting-edge cloud-native products.* Our cloud is architected specifically for customers to run business in an elastic and distributed manner required in disruptive business models. We, as an early mover in serving internet customers, have cultivated proprietary cloud-native technology and have successfully commercialized our technology capabilities through a complete suite of superior products.

- *Well-architected industry-specific solutions.* Based on the variety of cloud products, we have designed various industry-specific solutions that can unleash the full potential of our infrastructure resources and add value to our customers. Leveraging our profound industry insights, we have strategically expanded our footprints into selected verticals as an early mover and have established a leading market position through relentless execution.

- *End-to-end fulfillment and deployment.* We serve our clients throughout the whole cloud adoption process. At project initiation, we provide planning services with in-depth industry know-how, setting the overarching route for cloud migration. We have customized procedures to help customer to smoothly migrate their mission-critical data and applications on to our cloud platform. With our in-house fulfillment and deployment professionals, we adhere to consistent high standards at every stage of cloud adoption and commit to quality deployment.

OUR COMPETITIVE STRENGTHS

With our strategic vision and relentless focus on quality execution over the years, we have established strong competitive advantages and become a trusted brand in the industry:

Largest Independent Cloud Service Provider in China

Established leadership and business scale. We are the largest independent cloud service provider in China, according to Frost & Sullivan. Based on our comprehensive and reliable cloud platform consisting of extensive cloud infrastructure, cutting-edge cloud-native products, well-architected industry-specific solutions and end-to-end fulfillment and deployment services, we have achieved leading position in cloud service market in China. As of March 31, 2022, we had an extensive infrastructure network with more than 110,000 servers and achieved exabyte-level storage capacity. Anchored by our large-scale and extensive infrastructure, our cloud platform is able to deliver a consistent, instantly available, and superior product experience across regions and verticals.

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We have achieved superior growth, with a revenue growth CAGR of 51.3% from 2019 to 2021, outpacing the growth CAGR of 36.4% for China's cloud service market during the same period. Specifically, we have also achieved superior growth in our enterprise cloud services, recording a CAGR of 144.1% from 2019 to 2021.

A brand of choice for neutrality and trust. 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, pursue their digital transformation strategies, and create business value. As businesses migrate to cloud environment, customers are increasingly concerned over data security and potential conflicts of interest with cloud service providers. Our position as an independent cloud service provider as well as our comprehensive product offerings, have altogether helped us establish trusted partnership with our customers who are seeking for dedicated solutions, amid increasing focus on data security and regulatory compliance. Moreover, multi-cloud strategy has become the industry norm, to ensure the consistency, reliability and security of cloud service, and data sovereignty at the backdrop of regulatory requirements. We are favorably positioned to gain trust from customers through our neutrality as an independent cloud service provider, and are increasingly seen as a brand of choice amidst the increasing penetration of multi-cloud deployment.

End-to-end Cloud Solution Provider

High quality in-house fulfillment and deployment. Our cloud solution is offered in a holistic approach. We provide our customers with a superior experience combining products and solutions, covering the entire cloud migration process through planning, solution development, fulfillment and deployment, as well as ongoing maintenance and upgrade. The entire process is primarily executed by our in-house professionals to optimize service efficiency and to enhance our control over service quality. Compared to outsourcing certain stages of project deployment to external vendors, we directly control on the entire process of cloud migration projects, aiming to making consistent and best-in-class fulfillment and deployment.

Complete suite of products bringing full-span value proposition. We provide a complete suite of enterprise-level cloud products based on our extensive infrastructure with high-level availability and reliability. Our modularized cloud products, including unified IaaS infrastructure, PaaS middleware and SaaS applications, can be utilized to design different solutions to meet various business needs. Our IaaS cloud offerings, such as cloud computing, storage and delivery, provide customers with foundational cloud resources. We also offer value-added services and products, including PaaS middleware and SaaS applications built on our cloud-native architecture, helping customers unlock operational potential and achieve business success. To address multi-faceted inquiries, we have systematically organized our resources including both our cloud capacity and in-house technological personnel, to be readily available and highly flexible to meet the demands of our customers.

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To-B service DNA. We have inherited the "To-B service DNA" from Kingsoft Group's over 30 years of experience in providing enterprise services, and are highly committed to serve and empower our business customers with cloud technologies. With our customer-centric service philosophy, we always prioritize the needs of our customers and strive to provide them with superior experience. We value every customer and provide best-in-class customer services across their entire life cycle. For each project, we provide dedicated services to customers with our in-depth industry insights. At project initiation, our specialized industry team analyzes deeply into customer business scenarios and designs tailored solutions. During the fulfillment and deployment process, we offer customers with seamless cloud migration services. After the deployment, we have regular client reviews to constantly improve our services. In particular, for our Premium Customers, we also have a dedicated technical support team on demand 24×7 to respond to customer inquiries within 90 seconds. We also promote joint efforts in systems development and upgrade with our Premium Customers, to help them continuously optimize their cloud architecture, which further enhance our customer engagement and stickiness.

Vertical Strategy with Proven Track Record

We have strategically expanded our footprints into selected verticals as an early mover and have established strong market presence in each vertical through quality and efficient execution. As we continue to serve vertical leaders, our products and solutions continue to iterate and optimize based on customers' feedback. By partnering with vertical leaders, we have built proprietary industry know-how and formed in-depth understanding of each selected vertical, which empowers us to stay forefront of industry-specific cloud solutions.

We strategically entered specific verticals and achieved a proven track record of success. The verticals we strategically entered include, but not limited to:

- *Video.* We started to offer video cloud solutions in 2016, right before the outburst of video streaming in China. Our video cloud product integrates cloud infrastructure such as storage and processing, and video applications such as encoding and high resolution, providing a holistic solution. We have further upgraded this to immersive video cloud solutions featuring ultra-high resolution and ultra-low latency, which was empowered by our industry-leading cloud rendering and real-time communication technology. We are among the first cloud companies offering cloud solutions to internet video companies in China. As of March 31, 2022, we have amassed a premium customer base including Bilibili and Zhihu.

- *Public service.* We provide cloud infrastructure which systematically connects mission-critical public service organizations, and provide architecture enabling data sharing on municipal level and empowering administrative efficiency while ensuring stringent security and privacy. For example, since 2015 we have been providing public cloud solutions to Beijing Public Service Cloud, one of the largest and earliest deployed public sector cloud platforms in China. Beijing Public Service Cloud provides reliable and secure cloud services to various public sector organizations in Beijing. We have been supporting an increasing number of organizations through their platform. As of the Latest Practicable Date, our solutions have supported over 50 public sector organizations in Beijing.

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- *Healthcare.* Our healthcare cloud solutions provide high-performance, reliable, secure resources and technologies, and a full portfolio of applications and services for the healthcare industry. Our cloud-based solution connects industry participants including various public service departments and healthcare institutions across national and regional levels, in order to facilitate digitalization and eliminate data silos. For example, we have successfully built a cloud-based healthcare information management system for a provincial digital health project in China related to the COVID-19 pandemic.

- *Gaming.* We started to offer game cloud solutions in 2014, when the mobile gaming market was set to take off. We have developed full-stack platform for gaming companies to incubate, test and operate their games in cloud environments. In 2020, we upgraded our solution for cloud gaming, allowing game developers to provide high-quality, unified and equipment-agnostic gaming experience to users, which is the first-of-its-kind industry solution, according to Frost & Sullivan. As of March 31, 2022, our customers included leading gaming companies in China such as Seasun Games, Giant Network, Well-Link, Hero Entertainment and Ourpalm.

- *Financial service.* We started to offer financial service cloud solutions in 2018 as we identified huge cloud demand from the financial service sector. We have pioneered the private deployment of public cloud solutions, which could effectively address the pain points faced by financial institutions amid the evolving regulatory requirements and digital transformation, and allow them to unlock the value of data assets. We have accumulated deep domain expertise and amassed a group of high quality customers in this sector. Our Data Lakehouse platform has been successfully deployed for a large state-owned bank in China. As of March 31, 2022, our customers include 18 out of the top 20 leading Chinese banks.

In addition, we are closely monitoring various end markets with emerging demand for cloud services, and have developed solutions for selected emerging sectors, such as intelligent mobility. Since 2021, we have been providing cloud services to an EV (Electric Vehicle) manufacturer and supporting them in EV development and operation.

Relentless Customer-centric Product Development

Customer-centric research and development. We stay at the forefront of cloud-native technology development and have built up prominent customer-centric research and development capabilities. To fulfill business needs of customers, we have been promoting seamless collaboration between solution development and service team and research and development team. With first-hand observations of customers' business, we are able to respond and tailor our solutions to address their needs in a timely manner. Leveraging our industry know-how, we also preemptively develop solutions to optimize customer experiences. For example, on top of our big-data middleware, we have developed different data management system suitable for different industries. Our technology platform acts as the foundation for product development and innovation to continuously address the evolving business needs of our customers, enabling us to constantly enhance customer engagement.

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Modularized products to drive penetration. We have established a complete portfolio of modularized products leveraging on our proprietary cutting-edge technologies. By completing lighthouse projects with industry-leading customers, we are able to develop a unified suite of applications with purpose-built industry characteristics, which are interoperable with our product offerings. All of those modularized products can be readily assembled and deployed to serve other customers in the same or adjacent vertical, empowering us on gaining more businesses and market share in the same vertical. For example, we have successfully built a cloud-based healthcare information management system for a provincial digital health project in China. The core modularized products we developed for such project include one cloud infrastructure, one data lake, and four middleware (一雲一湖四中台), which are tailored to the healthcare industry and can function independently or together. Utilizing such core modularized products, we are able to quickly penetrate and provide solution to other customers in the healthcare sector. As a result, we have created a virtuous cycle where more collaborations with leading customers lead to more advanced solutions and lighthouse projects, which lead to further industry penetration, and consistently improved R&D efficiencies.

Proprietary technologies and strong R&D capabilities. We have developed a complete portfolio of products based on our proprietary technologies, which could be delivered to our customers as components of our industry solution and ensure they have effective control over those products and eliminate external technology dependencies. The execution of our research and development strategy is backed by our strong and expanding research and development talent pool and continuous investment in research and development. As of March 31, 2022, our research and development team consisted of 1,213 people, and solution development and services team consisted of 7,689 people, in aggregate accounting for 87.1% of our total employees.

Strong Customer Conversion Capabilities and Go-to-market Efficiencies

We adopt a premium customer strategy. We seek to serve leading players in selected verticals in order to establish strong sector presence more efficiently. By completing lighthouse projects with industry-leading customers, we are able to demonstrate our enterprise service and technology capabilities as well as strengthen our brand, which in turn empower us on acquiring more customers within those vertical.

We are dedicated to maintaining a continuous and long-term service coverage for our customers. Such service model enhances the engagement with our customers, and enables us to understand their needs in a timely manner and to identify new business opportunities. With our in-house fulfillment and deployment practice, we are able to identify customers' needs on real time basis and promote cross selling. As a result, we have fostered a loyal customer base and achieved improving unit economics. Moreover, our customers tend to procure more products and solutions as our offerings are constantly upgraded and extended along with customers' business developments. Our premium customer focus and cross-selling initiatives have significantly contributed to our go-to-market efficiencies. 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.

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Visionary Management Team and Strong Synergies with Our Strategic Shareholders

As one of the first-generation cloud companies in China, our visionary management team with entrepreneurial spirit has been leading us since our establishment, achieving rapid and continued growth of our business. Combining solid technology background with in-depth understanding of industry verticals, our management team is relentlessly pursuing innovative solutions to bring greater value to customers. Mr. Wang Yulin, our director and chief executive officer, has over 18 years of internet industry and management experiences.

We also enjoy strong synergies with our strategic shareholders, including Kingsoft Group and Xiaomi. We offer cloud solutions to Kingsoft Group. We are also able to leverage the sales network of Kingsoft Group through cross-selling opportunities. We cooperate with Xiaomi and its ecosystem participants to develop cloud solutions for emerging sectors.

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

We will continue to strengthen our leadership position in our strategic verticals through retaining existing customers and attracting new customers. We plan to further enhance our relationship with existing customers by expanding our product offerings and creating cross-selling opportunities. In addition, we intend to offer customers additional solutions along with their business growth to further strengthen customer stickiness and increase our wallet share in existing customers. We also plan to further promote our modularized products and industry-specific solutions to penetrate such verticals and acquire more customers.

Enhance Our Presence in New Verticals and Grow Our Customer Base

We intend to expand our solution offerings to cover more verticals with strong growth potential. We will focus on capturing the massive demand from traditional enterprises and public service organizations in the next growth phase of China's cloud service market. Leveraging our proven record in more established verticals with scalable cloud spending such as video and gaming, we also plan to further tap into emerging verticals, such as intelligent mobility, and logistics. Meanwhile, we will continue to adopt our premium customer strategy to cover and anchor industry leaders in such new verticals, and further optimize our products and services to meet various industry demands.

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Enhance Our End-to-end Solution and In-house Fulfillment and Deployment Capabilities

We are dedicated to continuing to leverage our industry expertise and technological capabilities to offer end-to-end solution. We will further unleash the synergies from the Camelot acquisition by leveraging and integrating its nationwide fulfillment and deployment capacities in China. By adhering to industry-leading standards, we will stay committed to in-house fulfillment and deployment, which we believe would allow us to improve customer satisfaction and retention.

Continue to Invest in Infrastructure and Technology

Infrastructure is fundamental to our cloud platform. Therefore we plan to continue to invest in our extensive infrastructure in order to deliver higher-quality cloud service and enhance the economies of scale. Particularly, we plan to further enhance our infrastructure in first tier cities with more concentrated cloud services demand, as well as to deploy our infrastructure based on the projects of our customers. As a technology-driven cloud company, we aim to increase investment in research and development of cutting-edge technologies such as container and data lake. We also aim to further expand our talent pool of top-notch engineering specialists as well as industry vertical experts.

Capitalize on Scale Advantages and Improve Operational Efficiency

We have been benefiting from economies of scale and we will continue to improve operational efficiency to further unlock the economies of scale. In this regard, we plan to optimize the deployment of our computing, storage and network resources and to further improve the utilization of our infrastructure.

Enhance Our Collaborations with Business Partners

We will continue to collaborate with business partners, including our strategic shareholders and industry-leading customers to develop vertical solutions with industry best practices, which will help us continue to build up industry know-how and sector knowledge. We also aim to strengthen our relationships with sales partners to retain and expand our customer base across various industries.

OUR PRODUCTS AND SOLUTIONS

Our Cloud Products

We provide a full suite of cloud products based on our extensive infrastructure, and are developed based on the same suite of underlying technology capabilities. Our modularized cloud products, including unified IaaS infrastructure, PaaS middleware and SaaS applications, can be utilized to design different solutions to meet various business needs. Our cloud products primarily consist of cloud computing, storage and delivery.

BUSINESS

Computing

Our cloud computing products provide on-demand high-performance computing resources, offering availability, agility, scalability and flexibility. In addition, we also offer other cloud products including cloud network, database, data warehouse, big data and security products.

Cloud Computing

Our cloud computing products primarily include:

- Kingsoft Cloud Elastic Compute ("KEC"): KEC provides flexible and scalable computing capacity, enabling developers to easily perform large scale computing and deployment in the required server environment. Cloud servers can be deployed at any time on-demand to improve operation and maintenance efficiency. Powered by our automatic scaling technology, users are able to automatically adjust the computing resources based on their business needs, thereby enhancing the efficiency of computing power consumption and reducing the total cost of usage. For users with strong demands for on-premise resource allocation, security and compliance, we also offer Kingsoft Cloud Dedicated Host ("KDH") to provide an exclusive virtual resource pool.

- Kingsoft Cloud Bare Metal Servers Elastic Physical Compute ("EPC"): EPC provides exclusive physical servers with excellent performance and native cloud network function support. It helps users quickly build and expand application services with high performance requirements. Users can easily manage the EPC server's network configuration, storage configuration and operating system interface.

- Kingsoft Cloud GPU Elastic Physical Compute ("GEPC"): GEPC provides accelerated computing based on GPUs. It can be used in scientific computing, deep learning, image rendering, and GPU-based audio and video codec scenarios to provide stable, fast and elastic computing services and convenient unified cloud server management services.

- Kingsoft Cloud Edge Node Computing ("KENC"): KENC is a distributed edge computing resource pool. It provides customers with edge virtual machines, edge dockers, network security groups, load balancing, virtual private cloud and other functions. It helps users reduce access delay, save costs, and enables integration of more industry-specific applications.

- Kingsoft Cloud Container Engine ("KCE"): KCE is developed and adapted based on the native Kubernetes to seamlessly integrate containers with other basic computing, storage and network resources, products and services we offer. It provides users with reliable and scalable container management services with high performance.

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- Kingsoft Cloud Container Instance ("KCI"): KCI provides a server-less container service that helps users to manage the full life-cycle of their containers in the cloud without purchasing or managing the underlying servers. Based on KCI, we provide users with container services that are fully compatible with the Kubernetes ecosystem. Users can directly deploy containerized applications and manage them in a Kubernetes-native way without the need to purchase or manage underlying nodes. This facilitates the deployment of Kubernetes applications.

Cloud Network

Our cloud network products provide cloud-enabled or cloud-based network resources and services, offering reliable and secure network access and connections, to help users optimize resource allocation. Our key cloud network products include:

- Server Load Balancing ("SLB"): SLB is a network service that distributes traffic to multiple cloud servers within a computing cluster. Traffic distribution can quickly improve the external service capability of the application system. SLB hides the actual service port, enhances the security of the internal system and improves the availability of the application system by eliminating single point service failures.

- Elastic IP ("EIP"): EIP is an IP address associated with the user account, which can be bound to any cloud server, cloud physical host or load balancing of the user. With EIP, users can quickly re-map an address to another cloud server, cloud physical host or load balancing in their accounts to shield instance failures.

- Virtual Private Cloud ("VPC"): VPC helps users build a customized, logically isolated and proprietary network. Users can use a dedicated connection or VPN connection to build a hybrid cloud network with VPC and their existing data centers. All cloud resources can be connected to a VPC network, which also allows users to establish and manage security policies and network access control policies. We also provide peering service to connect two VPCs for data synchronization, enable users to reside multiple VPCs across different regions.

- Cloud Enterprise Network: Cloud Enterprise Network enable customers to establish connections between different VPC networks, and between VPC networks and local data centers. Cloud Enterprise Network features fast, high-quality and secured transmission, helping customers build an enterprise-level network.

BUSINESS

Cloud Database

We have a full stack database product portfolio, primarily including relational databases and NoSQL databases, which are used to accommodate a wide variety of data models. We provide second-level failover capability, low latency cross-cloud synchronization, multi-region disaster recovery capability, and loss less data reliability support capability for important application scenarios such as financial services, internet, and public service. Our key cloud database products include:

- Kingsoft Cloud Relational Database Service ("KRDS"): KRDS is a stable, reliable and flexible online relational database that can be used at any time. It has multiple security protection features and an optimized performance monitoring system, and provides database backup, recovery and optimization features. We offer various versions of KRDS at users' choice based on the type of their servers.

- Kingsoft Cloud NoSQL Database: In addition to relational databases, we also offer NoSQL databases, which are non-tabular databases built for specific non-relational data models and have flexible schemas for building modern applications. Based on the types of data, we offer high-performance, stable and reliable NoSQL database for Redis for key-value storage, NoSQL database for MongoDB for document storage, and NoSQL database for InfluxDB for time series data.

- DragonBase: We provide distributed database DragonBase for enterprises and organizations. Featuring distributed deployment, high availability, smooth up-scaling, and enterprise-level security, DragonBase focuses on solutions to address customer's needs on massive data storage and high-concurrency operation and it also provides supportive systems and facilitate automated performance monitoring, operation, maintenance and security audit. Our DragonBase were identified as one of the industry leaders in 2021 by Frost & Sullivan.

Data Warehouse

- Kingsoft Cloud Data Warehouse ("KDW"): KDW is data warehouse service deployed on a massively parallel processing architecture, enabling users to use a large number of computers to simultaneously perform coordinated computations in parallel and thus enhancing computation performance. It is a large-scale PB-level cloud database warehouse solution with smooth upscaling ability that supports the separation of computing and storage, multi-dimensional online data analysis and retrieval, and offline data processing. KDW enables interactive query and analytics of massive relational data and is advantageous in both internet and traditional industries.

BUSINESS

Big Data

We have a comprehensive stack of big data products and compatibilities. All products are empowered by providing elastic scaling and seamless access to cloud storage. We also provide an interactive query engine for users to easily organize and analyze data on the cloud, which is an important step in utilizing data lake. In response to industry-wide developments in the research on computer vision, automatic speech recognition and natural language processing, we have built the underlying technologies that underpin big data platforms. Our key big data products include:

- Kingsoft Cloud MapReduce ("KMR"): KMR is a cloud big data platform allowing users to process vast amounts of data quickly and cost-effectively at scale. KMR gives users the engine and elasticity to run large-scale analysis at a fraction of the cost of traditional on-premise clusters.

- Kingsoft Cloud DataCloud ("DataCloud"): Based on a cutting-edge data processing framework, DataCloud provides one-stop cloud-based data services, including data consolidation, integration, processing, management and analysis. DataCloud can be deployed on-premise to enhance control and security. With the help of DataCloud, through advanced data lake architectures, users can manage and process ultra-large-scale structured and unstructured data, build data-lake architecture, and create middleware data platform for enterprise data. It empowers users with full lifecycle data management capability.

- Kingsoft Cloud Elasticsearch Service ("KES"): KES is a cloud-based, fully managed service based on the open source search engine, Elasticsearch. It integrates Kibana, a data visualization dashboard software, and common plug-ins to provide near-real-time storage, search, and analysis features that allow user to manage ultra-large datasets in a visualized, real-time and efficient manner.

Cloud Security

We provide users with a full range of high-quality cloud security products to effectively address cloud service abuse issues and provide users with secure, stable and reliable cloud services. Our key cloud security products include:

- Kingsoft Cloud Advanced Defense ("KAD"): KAD is a managed Distributed Denial of Service (DDoS) protection service that safeguards our users' applications running on our cloud from attack.

- Kingsoft Cloud Host Security ("KHS"): KHS ensures all-round host security for cloud server and EPC, and is able to quickly identify security problems, monitor security status and comply with security requirements.

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- Kingsoft Cloud Web Application Firewall ("WAF"): WAF is a firewall for web applications, ensuring security and reliability of users' websites. Users can seamlessly deploy WAF without altering any system structure.

Cloud Storage

We have developed different storage products for various application scenarios. Our cloud storage products provide cost-effective digitalized data storage infrastructure with high security, which can be deployed off premises or on premises upon request. Our key cloud storage products include:

- Kingsoft Cloud Standard Storage Service ("KS3"): KS3 is a massive, low-cost, secure and highly reliable distributed cloud storage product to address users' pain points such as storage expansion, data security and distributed access. KS3 offers exabyte-level storage with high queries per second per single bucket. Users can conveniently store and retrieve various data files such as pictures, audio, video and text.

- Elastic Block Storage ("EBS"): EBS is a block-level data storage service provided for cloud server instances that can be connected to any running KEC instance in the same data center. EBS features high availability, reliability, flexibility and ease of use. It also supports advanced features such as snapshots and mirroring.

- Kingsoft Cloud File Storage ("KFS"): KFS is a file storage service for KEC, EPC and container services. With standard file access protocols, users do not need to modify existing applications. KFS offers users a distributed file system with unlimited capacity, performance scaling, single namespace, multi-party sharing, high reliability and availability.

- Kingsoft Cloud Archive Storage ("KArchive"): KArchive provides offline storage services that are cost-effective, reliable, and easy to manage. It applies to long-term archive and redundancy backup of a large amount of data.

- KingStorage: KingStorage series are enterprise-level hybrid cloud storage products that include distributed blocks, files and objects cloud storage resources. They provide cloud native benefits and address customers' demands for massive data storage, while ensuring high reliability and seamless compatibility with customers' original IT infrastructure.

Cloud Delivery

Our cloud delivery products have evolved from a simple acceleration tool for one-way static content to a complex application and streaming delivery carrier, enabling our customers to deliver an interactive and immersive user experience. Our comprehensive end-to-end cloud delivery solutions allow users to build their applications on our cloud platform and utilize

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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. Our large-scale, high-concurrency, low-latency, secure and reliable cloud delivery services help our users enhance their users' experience.

With 5G deployment and advancement of edge computing, we continue to upgrade our cloud delivery network with more connected nodes and reiterate the advantages of our cloud delivery products. Streaming content represents a significant portion of the internet traffic, and is a major application scenario of our cloud delivery products. Streaming content captures a large share of users' time spent as it becomes the key distribution medium for various industry verticals, such as entertainment, e-commerce, education, traveling and advertising. Leveraging the relationship we built with our clients through our cloud delivery products, we have the natural advantage to cross-sell other cloud products, such as computing, storage and database products, to explore additional monetization opportunities.

- Kingsoft Cloud Live-video Service ("KLS"): KLS is a network system based on Kingsoft Cloud's comprehensive IaaS infrastructure. Through industry-leading video-encoding technology and powerful distribution capacities, KLS provides low-latency, high-concurrency, and stable live streaming services. KLS supports live streaming upload and download acceleration, as well as real-time transcoding, recording, watermarking, screenshots, second-level streams status management, delayed playback and many other value-added functions and applications. Meanwhile, KLS can be seamlessly integrated with the PaaS platform of Kingsoft Cloud Video Cloud, and it features fast access, multi-terminal adaptation, multi-protocol support, and easy-to-use.

- Kingsoft Cloud Media Transcoder is a distributed system for multi-media processing service. Based on the deep learning of massive multimedia data, Kingsoft Cloud Media Transcoder establishes a scientific video quality evaluation system, combined with powerful encoding/decoding technology, to provide fast, intelligent and stable media processing service.

- Kingsoft Cloud Edge Computing Network ("KECN"): KECN is a distributed edge computing network that supports edge computing scenarios such as edge bandwidth, AI inference, image rendering, gaming and IoT. We have established an end node network covering most regions and operators in China and ensuring high-speed and low-latency for customers.

- Kingsoft Cloud Delivery Network ("KCDN"): KCDN is a distributed network consisting of server clusters of edge nodes covering different regions, which distributes user content to edge nodes, effectively resolves the congestion of an internet network, and improves the response speed of users to visit the websites and the availability of the websites.

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- Kingsoft Cloud Image Enhancement ("KIE"): KIE is an intelligent image enhancement product, which is able to recover and enhance image details by deep learning algorithms. It can also enhance resolution and output high-quality images.

- Kingsoft Cloud Smart High Definition ("KSHD"): KSHD integrates various computer vision and video coding technologies to substantially improve the quality of experience. It uses deep-learning-based denoise and enhance algorithms to reduce compression artifacts as well as enhance details. Meanwhile, KSHD is capable of analyzing video by way of classification and quality assessment, so as to improve the coding efficiency of video codec.

Galaxy Stack

Our proprietary 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 fulfilling regulatory compliance and retaining control. Galaxy Stack employs a distributed architecture to create an open, unified and reliable cloud environment for enterprises and organizations. As a result of our continuous upgrading and optimization efforts, Galaxy Stack features container services, DevOps, database, big data, security and other functions to provide more professional, scalable and mature one-stop cloud solutions.

The key value we bring includes:

- Scalability at large scale: Galaxy Stack enables large-scale physical node deployment, massive tenant management and customer service capabilities, which strongly support customers' massive business operations. Customers can easily adjust the physical node deployment based on their real-time demands.

- Security: Privatized deployment meets the requirements of enterprises and organizations for high-grade information security protection, data security and business continuity.

- Autonomous control: Galaxy Stack supports customers' autonomous control operation and maintenance.

Industry-Specific Solutions

We have designed various industry-specific solutions that can unleash the full potential of our infrastructure resources and add value to our customers. Leveraging our profound industry insights, we have strategically expanded our footprints into selected verticals as an early mover and have established a leading market position through relentless execution. As we continuously serve vertical leaders, our products and solutions continue to iterate and pivot based on customers' feedback. By partnering with vertical leaders, we have accumulated proprietary industry know-how and formed in-depth view of each selected vertical, which enables us to stay forefront of industry-specific cloud solutions. We have designed industry-specific solutions covering a wide spectrum of industry verticals, including video, public service, healthcare, gaming and financial service, among others.

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The following diagram illustrates details of our solutions:
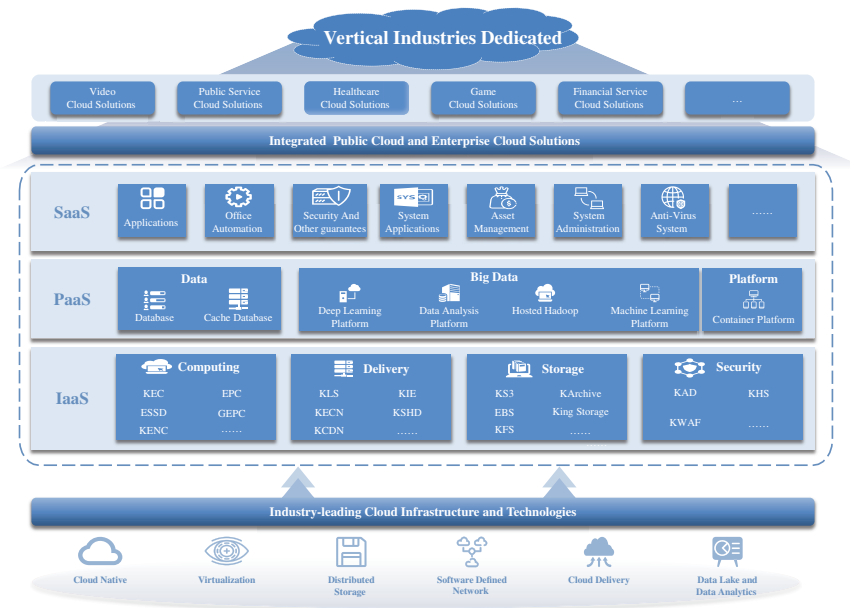
Video Cloud Solutions

We started to offer video cloud solutions in 2016, prior to the explosive growth of the video industry in China. Our full stack video cloud solutions offer various state-of-the-art deep learning algorithms, including cloud trans-coding, image enhancement, smart high definition, dark image enhancement. Our holistic intelligent video cloud solutions serve both on-demand video and live streaming companies, offering a high-capacity and elastic cloud delivery network built on our industry-leading containerized edge computing platform. To meet the large-scale and high-quality cloud delivery requirements of these companies, our video cloud solutions combine core technologies such as intelligent video processing algorithms and multi-link optimization to provide enhanced cloud delivery services beyond traditional content delivery services. For on-demand videos, we offer video upload, distributed encoding, media resource management and on-demand delivery. For live streaming, we offer delivery acceleration, real-time encoding, live recording and storage. Our video cloud solutions can be accessed through a management system or API/SDK.

We are among the first cloud companies providing cloud solutions to companies engaged in video business and have amassed a high-profile customer base including Bilibili and Zhihu.

The key value we bring includes:

•   High speed: Our video cloud solutions provide a quick and uninterrupted video streaming and archiving experience.

•   Stability: Our video cloud solutions offer high stability and ensure performance. The distributed network eliminates incidents and disruptions, which can effectively lower packet loss rate.

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- Security: Our video cloud solutions are able to maximize data security by configuring authentication settings for content.

- High definition: Our video cloud solutions provide optimized encoding and decoding solutions that allow 4K-8K ultra high definition video transmission through the internet.

Public Service Cloud Solution

Our public service cloud solutions are based on the public cloud architecture and can be easily and quickly deployed. These cloud solutions help public service organizations enhance productivity and efficiency. With capabilities of cloud computing and big data, public service organizations can achieve the goal of data integration, simplifying streamlining processes, improving efficiency, ensuring safety and reducing costs and realizing digital transformation.

The key value we bring includes:

- Digitalization: Public service organizations are able to connect data across multiple departments, improve work efficiency and enhance security, which ultimately realize digital transformation.

- Reliability: The cloud platform adopts high-availability technology and security protection system, which can guarantee the stable and uninterrupted operation of the platform.

- Comprehensiveness: We can provide a series of services from the construction of underlying cloud data center, big data management, big data analytics, etc., which meets the public service organizations' requirements for critical aspects of cloud platform product functions.

Case study

Since 2015 we have been providing public cloud solutions to Beijing Public Service Cloud, one of the largest and earliest deployed public sector cloud platforms in China. Beijing Public Service Cloud provides reliable and secure cloud services to various public sector organizations in Beijing. We have been supporting an increasing number of organizations through their platform. As of the Latest Practicable Date, our solutions have supported over 50 public sector organizations in Beijing. Our public service cloud solutions provide high reliability and data security. Our solutions help empower the digitalization and cloud migration of public services.

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Healthcare Cloud Solutions

Our healthcare cloud solutions provide high-performance, reliable, secure resources and technologies, and a full portfolio of applications and services for the healthcare industry. We provide cloud services covering hospital operations, medical supervision, medical insurance payment, medical treatment and eldercare relying on our top-level cloud resources, abundant cloud products and excellent cloud service. It features big data analysis service for administrators, health management service for residents, cloud infrastructure for large and medium medical institutions and cloud application service for small and medium medical institutions. We have successfully deployed flagship projects for leading institutions.

The key value we bring includes:

•   Digitalization: Leveraging our comprehensive Picture Archiving & Communication System ("PACS"), we provide solutions of medical image storage, sharing, management, quality control, and related applications. We help healthcare institutions develop a complete medical image ecosystem by leveraging unified data resources, data processing and computing to support unified system construction, deployment, and service solutions. We help healthcare institutions and hospitals improve radiology workflow, better manage the storage of images, and realize healthcare interoperability.

•   Intelligent and collaborative operation: We help customers build regional healthcare platforms with unified cloud infrastructure, cloud-native technology for the middle office, big data platforms and medical resource systems. We provide DataOps capability to help the healthcare industry solve data silos, improve collaboration and the automation of data flow, and enhance collaborative synergies among regional healthcare systems.

•   Low cost construction and on-demand use: All the application systems are based on the cloud computing architecture and can be used as needed without heavy assets investment.

•   Improving private medical service capability: The solution represents a cloud upgrade for grassroots information system to provide private medical services and enhance functions such as intelligent assistance and remote medical service, which significantly improves private medical service capability.

•   Implementation of hierarchical diagnosis and treatment system: The solution breaks the information barrier between superior and subordinate medical institutions in the same region, which realizes information interaction and data sharing.

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Case study

For example, during the COVID-19 pandemic, we have successfully built the cloud-based healthcare information management system for a provincial digital health project in China. Leveraging our in-depth industry know-how and technologies, we have developed core modularized products, namely one cloud infrastructure, one data lake, and four middleware (一雲一湖四中台), which are tailored to medical use cases and can function independently or together. The platform has connected major public hospitals, pharmacy chains, community clinics and government agencies, and achieved systematical record of medical data, which then help the organization to increase efficiency of a series of scenarios including public diseases monitoring, consistent chronic condition inpatient and outpatient treatment, pharmaceuticals distribution, and residents EMR maintenance.

Game Cloud Solutions

We started to offer game cloud solutions in 2014, when the mobile gaming market was set to grow exponentially. We have developed a full-stack platform for game companies to incubate, test and operate their games in cloud environments. With our game cloud solutions, our customers are able to provide a seamless experience and direct playability for gamers across all devices. Game cloud solutions enable enterprises to develop advanced and unique games with better in-game user experience, lower response time, as well as lower operational and maintenance costs.

Our game cloud solutions primarily consist of three categories, namely architecture solutions, management solutions and operation solutions. Architecture solutions focus on addressing the users' needs for computing and storage capabilities. Based on the features of different game genres, we offer customized architecture solutions, such as cloud migration solutions. Management solutions help game companies to efficiently manage the games, covering game updates, maintenance and security. Operation solutions help users to operate and promote games and deliver better experiences to gamers. As of March 31, 2022, we have provided game cloud solutions to leading game companies in China such as Seasun Games, Giant Network, Well-Link, Hero Entertainment and Ourpalm.

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The key value we bring includes:

- High concurrency: Our game cloud solutions can effectively reduce the system requirements and pressure for game servers through large-scale and simultaneous cloud computation, which in turn allows for a large number of concurrent players.

- Low latency: Developed upon our extensive network infrastructure across the world at large scale, we are able to satisfy game companies' demands for low latency and enable them to deliver high-speed game experiences.

- Security: Our game cloud solutions offer various security protections against isolated incidents and security failures to ensure player experience is not affected and to maintain high-availability at all times.

- Failure recovery: By integrating high-quality EBS, Elastic IP and SLB products, our game cloud solutions enable game companies to easily recover from failures in application or underlying layers within seconds.

- Disaster recovery: Our game cloud solutions provide multipath BGP and cross-region elastic deployment, eliminating operation risks from failures in any single data center.

Case study

Well-Link is a leading cloud gaming developer in China. We work with Well-Link to provide cloud solutions to a cloud game which has become a global phenomenon, enabling smooth and rich game experiences to users. For example, leveraging our multi-line and large bandwidth capabilities, we ensured smooth – in-game experience across regions for players, while ensuring graphic quality. Moreover, we offer cloud servers, network and storage products and end-to-end solution for cloud gaming, enabling user interactions across different types of devices and lower the device requirement to run the games.

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Financial Service Cloud Solutions

We started to offer financial service cloud solutions in 2018 as we saw huge cloud demand in financial service sector. We have pioneered the private deployment of public cloud technologies, which could effectively address the pain points faced by financial institutions amid the regulatory requirements and digital transformation, and allow them to unleash the value of data assets. For example, our Data Lakehouse platform has been successfully deployed for a large state-owned bank in China. Furthermore, we acquired Camelot in September 2021 to further enhance our financial service cloud solutions. Camelot offers comprehensive and digitalized solutions such as teller or branch systems, anti-money laundering and fraud prevention software services to the financial services industry. The key value we bring includes:

- Digital transformation: Our customized financial service architecture solutions, by providing high-performance cloud computing service at lower costs, enable financial institutions to achieve digital transformation and migrate to cloud.

- Cloud native benefits: Our financial service cloud native solutions enable financial institutions to enjoy various benefits brought by cloud technologies, including high security, reliability, availability and flexibility.

- Business innovation: Our intelligent financial service solutions equip financial institutions with big data analytics capabilities, enabling them to easily and efficiently realize business innovations.

Case study

We provide a customized data cloud platform to Bank A, a large state-owned bank, to establish a centralized data management platform. By offering massive data integration, processing and analytics capabilities, we address Bank A's needs for digital transformation. We provide various cloud-based data products to build a one-stop data analytics platform, realizing centralized management and allocation in complex operation environment. We provide data storage of 15 PB for the platform, which is compatible with both structured and unstructured data. We offer efficient task scheduling management, data asset services covering metadata and data lake, enabling Bank A to save underlying server and storage resources. Based on the business needs of Bank A, we help them develop modularized SaaS products for various business scenarios, such as regulatory reporting, auditing and anti-money laundering.

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Other Solutions

Our cloud solutions also cover various other industries, such as intelligent mobility, e-commerce, office automation, and mobile internet in general, among others.

Case study

Zhihu is a leading online content community in China. We started to provide large-scale cloud native platform since 2019, enabling full cloud migration at IaaS level and partial cloud migration at PaaS level. The cloud native platform helps Zhihu reduce total IT costs and improve resource utilization efficiency. Such large-scale cloud native platform consists of a wide range of cloud storage products, bare metal servers, container services, big data and database products, establishing a massive container cluster, thereby enhancing data processing capabilities of Zhihu. Leveraging cloud native container technologies, the container cluster closely functions with other cloud services, enhancing the elasticity of resources and fast deployment. The high performance cluster is able to support over 4,000 nodes, over 3,000 image concurrency and monitoring response within one second.


Case study

Shouqi Yueche is a leading online ride hailing platform in China. We started to cooperate with Shouqi in 2020 by offering comprehensive cloud solutions. We provide cloud-native services and help Shouqi establish an IT security system. Our elastic cloud resources help Shouqi to process massive rider hailing orders during peak hours, enabling them to better serve its users.

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 diagram illustrates the deployment of our public cloud and enterprise cloud services.

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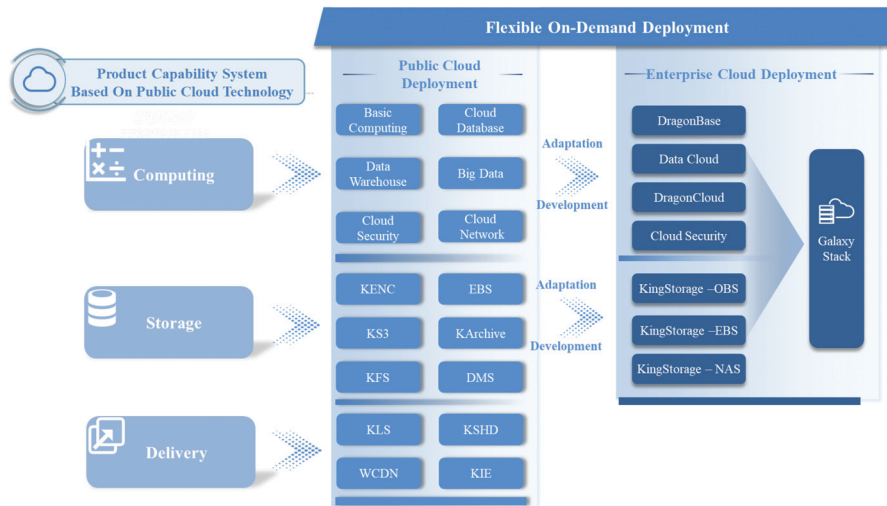
The following table illustrates details of our cloud services:

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 cost • 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

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Public cloud services are operated on off-premise infrastructure and can be delivered to customers over the Internet. With public cloud deployment, customers do not need to own or maintain the underlying IT infrastructure and can enjoy on-demand cloud resources to meet their business needs. Due to the nature of public cloud services, the underlying infrastructure is shared among different customers, which means that multiple organizations will sometimes be using the same physical server at the same time. Our public cloud solutions cover various verticals, including, among others, video, gaming, intelligent mobility, e-commerce, and mobile internet.

We also offer enterprise cloud services primarily for non-internet enterprises and organizations with high control and customization available from dedicated cloud resources. Due to their complicated operation structure and process, they generally have higher demand for compatibility, reliability, privacy and security in cloud products. With multi-faceted consideration, including regulatory requirements and legacy IT premises, customers from certain traditional sectors tend to demand for dedicated solutions deployed in designated location which they could physically control. In this regard, we offer enterprise cloud services operated on on-premise infrastructure. With increasingly complex business structures and massive data accumulated from daily operations, traditional enterprises and public service organizations require hyper-scale computing and big data capabilities as part of their cloud solutions.

For public cloud services, we generally charge customers based on utilization and duration and offer these customers credit terms. We also offer prepaid subscription packages over a fixed subscription period. For enterprise cloud services, we generally charge customers on a project basis based on performance completion, payment terms of which can range from one to six months, and can vary substantially from customer to customer. We also provide multi-phase project arrangements to meet the demands of our enterprise cloud customers to improve their business digitalization progressively. Under our enterprise cloud services, we also provide digital services to enterprise customers through Camelot, which we acquired in September 2021. In accordance with applicable accounting policies, the Group only has one operating segment as the chief operating decision maker of the Group, who has been identified as the Chief Executive Officer, reviews the consolidated results of operations when making decisions about allocating resources and assessing performance of the Group as a whole. For details, see Note 2 to the Accountants' Report included in Appendix IA and Note 2 to the unaudited interim condensed consolidated financial information included in Appendix IB.

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The following table sets forth a breakdown of our revenue by products and services for the periods indicated:

	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$	%
						(in thousands, except for percentages)						
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[1]	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**

Note:

(1) We recorded insignificant revenues from other miscellaneous services that we provided on an ad hoc basis, which has not been and is not expected to be material to our business.

The following table sets forth the gross billings breakdown for our public cloud services and enterprise cloud services for the periods indicated:

	For the Year Ended December 31,						For the Three Months Ended March 31,			
	2019		2020		2021		2021		2022	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
					(in thousands, except for percentages)					
Public cloud services										
Computing	1,017,515	25.8	1,586,890	24.2	2,103,956	23.6	450,597	26.6	654,606	30.2
Storage	298,314	7.6	285,061	4.3	268,999	3.0	66,977	3.0	65,328	3.0
Delivery	2,137,355	54.2	3,318,413	50.5	3,845,696	43.1	876,027	51.7	699,453	32.2
Enterprise cloud services	489,713	12.4	1,378,811	21.0	2,710,165	30.4	301,317	17.8	751,424	34.6
Total Gross Billings	**3,942,897**	**100.0**	**6,569,175**	**100.0**	**8,928,816**	**100.0**	**1,694,918**	**100.0**	**2,170,811**	**100.0**

As a result of our continuous business expansion, we have experienced continuous growth in our revenue and gross billings during the Track Record Period.

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BUSINESS SUSTAINABILITY AND PATH TO PROFITABILITY

Overview

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.

Industry Background and Our Profitability Potential

The global cloud service market was pioneered by the U.S. approximately a decade ago. As U.S. experience indicates, (i) cloud service is a proven business model with long and strong growth path, as well as high margin potential; and (ii) cloud business requires significant

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upfront capital investment, and typically takes many years before turning profitable and further achieving high margins. The Chinese cloud service market, although grew explosively and became the second largest cloud service market following the U.S. in 2018, still has significant potential in terms of overall penetration, maturity, and profitability, as it continues to evolve and develop.

As the largest independent cloud service provider in China, we are uniquely positioned to benefit from such market potential. We have a proven track record of our steady progress on path to profitability and sustainability:

- Leadership position: We have developed into a leading player in China's cloud service market, and have consistently ranked as the largest independent cloud service provider in China from 2019 to 2021;

- Growth at scale: Our growth has consistently outpaced the market. From 2019 to 2021, our growth rates for each of total revenues, public cloud services revenue, as well as enterprise cloud services revenue were higher than the growth rates in the corresponding markets in China during the same period; our revenue grew at a CAGR of 51.3% from 2019 to 2021, ranking second among major leading cloud service providers in China;

- Profitability: We have significantly improved profitability, achieving gross profit breakeven in 2019, which further increased to 3.9% in 2021. Our operating loss margin narrowed from 28.9% in 2019 to 20.0% in 2021, and net loss margin narrowed from 28.1% in 2019 to 17.6% in 2021; and

- Liquidity: We have consistently and successfully secured various forms of financing from capital markets, including financial institutions and third-party investors, prudently managed cash flows and maintained strong cash position, proactively optimized business mix for corporate resilience, and prudently and decisively invested in infrastructure and technology for the long run. As of May 31, 2022, we had a total of RMB5,431.3 million cash resources (that include cash and cash equivalents and short-term investments).

While past performance is no indication of our future results, we plan to leverage our proven capability in driving growth and improving efficiency to continue to enhance our financial performance towards long-term profitability by (i) continuing to drive high-quality revenue growth by expanding our premium customer base, (ii) continuing to optimize service mix, (iii) enhancing capability to manage and optimize our costs, and (iv) improving our operational efficiency. Despite these efforts, our future profitability is uncertain and subject to various factors, such as general economic conditions in China, development of China's cloud service industry, our ability to retain existing customers and acquire new customers, to upgrade our technology, infrastructure, products and solutions, to compete effectively and successfully, and to continuously grow revenues in a cost-effective way and improve our operational efficiency. For details, see "Risk Factors – Risks Relating to Our Business and Industry – We have a history of net loss and we may not be able to achieve or subsequently maintain profitability."

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Business Sustainability and Path to Profitability

Continue to Drive Business Development

We intend to continue to drive development through high-quality growth, which will enable us to maintain our leading position in the market, develop sustainably, and ultimately achieve profitability.

Effectively and strategically expanding our premium customer base is crucial to high-quality growth. We implemented a premium customer strategy, focusing on covering and serving leading enterprises in selected verticals and forging long-term relationships with them to establish lasting market presence efficiently. By partnering with such premium customers, our products and solutions are continuously refined to meet their high demands, which in turn, due to the scalability of our cloud products and solutions, enables us to efficiently serve a broader customer base with similar needs.

We have amassed a large, growing and loyal premium customer base. In 2019, 2020 and 2021, we had a total of 243, 322 and 597 Premium Customers, and our net dollar retention rate of Public Cloud Service Premium Customers was 155%, 146% and 114%, respectively. We plan to continue to execute our premium customer strategy to cover and anchor vertical leaders, expand our premium customer base through further penetration in selected verticals and entering into new verticals, such as intelligent mobility, explore additional cross-selling and up-selling monetization opportunities to help us scale up our revenues, and further optimize and develop our products and solutions to meet their demands.

Continue to Optimize Service Mix

We will continue to optimize our service mix to maximize our competitive strengths amid evolving market environments, which we believe is key to sustainable development and achieving profitability.

Leveraging our extensive experience in providing enterprise services and strong solution development and implementation capabilities, we have started to, and expect to continue to focus on enterprise cloud services, where we see favorable market trends and strong demands. As compared to public cloud services, enterprise cloud services enjoy the benefit of low capital expenditure requirement for us, as customers are typically responsible for the costs of underlying equipment and cloud resources, such as IDC services and servers.

Our effort to optimize service mix is evidenced by the rapid growth of our enterprise cloud services. 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. Going forward, we plan to continue to leaning our focuses and resources on such strategic optimization of service mix.

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Effectively Managing and Optimizing Costs

Our ability to manage and optimize our costs is critical to the success of our business and our ability to achieve sustainable profitability. While driving quality-growth and optimizing services mix inherently have positive impacts on our profitability, we also implement specific cost management initiatives. In particular, we are focused on (i) improving our ability to manage our infrastructure resources more efficiently, and (ii) enhancing our cost efficiency in solution deployment and implementation.

Our public cloud service requires upfront procurement of infrastructure resources based on forecasted customer demand. In this regard, we expect to enhance cost efficiency to better match our procurement with market demands through effective infrastructure resource planning, robust market analysis, and flexible procurement arrangement.

Moreover, we have developed, and will continue to develop our technology capabilities and infrastructure to provide modularized products and proven solution components that can be readily assembled, re-utilized and deployed to serve a large group of customers with similar demands, thereby achieving scalability and cost efficiency. In addition, following our acquisition and business integration with Camelot, we expect to benefit from its nationwide project execution capacities and resources further improve our cost efficiency in deployment and implementation.

We have a proven record in effective cost control. We have significantly improved gross profit, achieving gross profit breakeven in 2019, and achieved gross profit margin of 3.9% in 2021. Our IDC costs, the largest component of our cost of revenues, as a percentage of our revenues decreased from 72.2% in 2019 to 61.7% in 2020, and further to 56.3% in 2021 and 51.1% in the three months ended March 31, 2022. We expect such trends will generally continue as we scale up.

Improving Operational Efficiency

Operating expenses management and control is important for us to achieve profitability. Thus we intend to further enhance our ability to manage and control our operating expenses.

Our operating expenses consist of research and development expenses, selling and marketing expenses and general and administrative expenses. We intend to efficiently align such expenses with our business strategic priorities. In addition, the major component of our operating expenses, namely staff expenses, generally does not increase proportionately with our revenue growth.

Our operating expenses as a percentage of total revenue was 29.1%, 23.8%, 23.9% and 28.2% in 2019, 2020 and 2021, and the three months ended March 31, 2022, respectively. As a result of our continuous business expansion, we expect our operating expenses to increase in absolute amount but decrease as a percentage of total revenue in the long term.

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Working Capital Sufficiency

We have been applying a variety of methods to manage our working capital. We usually grant a credit term ranging from 30 to 180 days to our customers. We maintain strict control over our outstanding receivables and our overdue balances are regularly reviewed by our senior management. Meanwhile, we manage and negotiate flexible credit terms with our suppliers to improve our cash position. For most of our suppliers, the credit terms offered to us range from 30 days to 180 days. For details, see "Financial Information – Discussion of Selected Items from the Consolidated Balance Sheets – Accounts Receivable, net of allowance" and "Financial Information – Discussion of Selected Items from the Consolidated Balance Sheets – Accounts Payable." We expect that our working capital management will be further improved considering that (i) as we scale up, we expect to have stronger bargaining power against our suppliers and are thus able to obtain more favorable credit terms, and (ii) as we build trust with our customers and gain more bargaining power as our business develops, we are able to negotiate for shorter credit terms with our customers.

We also proactively review and adjust our cash management policy and working capital needs according to general economic conditions and our near term business plans. Taking into account (i) the financial resources available to us, including a total of RMB5,431.3 million cash resources as of May 31, 2022 (that include cash and cash equivalents and short-term investments), (ii) the portion of the estimated [REDACTED] from the [REDACTED] expected to be used for working capital and general corporate purposes, (iii) currently available financing facilities of RMB333.1 million as of May 31, 2022, and our ability to obtain additional financing facilities from both banks and strategic shareholders, and (iv) our plans to continue to enhance our financial performance as discussed above, our Directors believe that we have sufficient working capital for our present requirements and for the next 12 months from the date of this Document.

OUR INFRASTRUCTURE AND TECHNOLOGIES

We are dedicated to providing customers with secure and compliant cloud services and our industry-leading cloud infrastructure and technologies have been the key to our success.

Infrastructure

Our distributed infrastructure is the foundation of our technology. As of March 31, 2022, we operated two data centers and more than 110,000 servers primarily throughout China, and achieved exabyte-level storage capacity. We have been investing significantly in our infrastructure to upgrade our computing power and storage capabilities, in order to deliver higher-quality cloud service and enhance the economies of scale. We purchase servers, network equipment and network resources, and lease data centers from industry-leading suppliers to ensure the reliability and availability of our network infrastructure. Our suppliers primarily include IDC operators, telecommunication operators and server providers in China.

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Cloud Technologies

We create and apply cutting-edge technologies to drive our development of products and solutions. Our core technologies include:

Cloud Native

Leveraging our proprietary container architecture, our cloud native technologies are applied using zero-performance loss bare metal servers. We provide core cloud native capabilities including microservices engines, service mesh solutions, DevOps systems and functional computing. Integrated with our cloud native security system, our solutions provide customers scalable, reliable, and flexible cloud native infrastructure.

Virtualization

We have built a complete virtualization technology stack. Technologies like x86 virtualization, input/output para-virtualization, high-performance storage and network virtualization, GPU (graphics processing unit) virtualization, with critical features such as smooth live migration and live patching, are all well supported and applied to our cloud products.

Distributed Storage

We have developed different storage technologies for various application scenarios, including key-value storage, table storage, object storage, elastic block storage, and file storage, providing high-performance storage services with reliability, scalability and availability.

Software Defined Network

Our virtualized network architecture, designed on the basis of disaster recovery multi-region construction, supports multi-tenant networks. With petabit-per-second-scale distributed east-west forwarding capabilities and terabit-per-second-scale north-south traffic capabilities, the cloud network provides high-performance interconnect services for computing, storage and various PaaS services.

Cloud Delivery

We have developed a comprehensive set of cloud delivery systems, including caching system, OTCP (optimized transmission control protocol) stack, user datagram protocol-based transport stack, traffic scheduling system, high-performance domain name system, near-real-time performance analysis system and IPV 4 (internet protocol version 4) and IPV 6 (internet protocol version 6) dual-stack network system.

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Data Lake and Data Analytics

Our data lake technology allows customers to store both structured and unstructured data at any scale as-is, without having to first structure the data. Such data lake serves as a repository for data analytics, enabling customers to uncover insights from business data to guide better decisions.

RESEARCH AND DEVELOPMENT

Our vision and focus on innovation have fueled our growth and enabled us to deliver our products and services. We allocate a substantial portion of our operating expenses to research and development, including upgrading our infrastructure, improving our cloud technology and developing new products and solutions. We incurred RMB595.2 million, RMB775.1 million, RMB1,043.8 million (US$163.8 million) and RMB246.6 million (US$38.9 million) of research and development expenses in 2019, 2020 and 2021 and the three months ended March 31, 2022, respectively.

Our leadership in technology is built by our highly innovative and dedicated research and development staff. We focus on building and maintaining a large pool of talented researchers to drive our research and development efforts. We provide rigorous training to new recruits to familiarize them with our platform and thereby closely integrate them into our research and development staff. We had a team of approximately 1,213 engineers, researchers, programmers and computer and data scientists as of March 31, 2022. We encourage different points of view to lead us to find inspiration and improve our products and solutions.

The development of our cloud products and solutions is underpinned by our strong R&D capabilities. Our continuous investments in research and development activities result in a wealth of intellectual properties. As of March 31, 2022, we have registered 474 patents, 620 trademarks, 372 copyrights, and 129 domain names in China and overseas.

In addition, we aim to increase our research and development efforts to strengthen our technology capabilities and continue to invest in cutting-edge technologies such as edge computing, container and data lake. We also aim to further expand our talent pool of top-notch engineering specialists as well as industry vertical experts.

DATA PRIVACY AND SECURITY

Data security and privacy are our highest priority. To this end, we constantly enhance our data system resilience, protect user privacy, and show transparency on how we manage it. We aim to deliver high-quality cloud services with careful data and information protection, and we are in relentless pursuit of security-driven innovations to provide effective solutions. We value transparency in our data management practices and have issued the Privacy Policy, the Kingsoft Cloud Security White Paper, and the Cookies Policy on our official website to clarify the way we collect, store, use, share and delete personal information in relation to Kingsoft Cloud products, services, websites, and other application scenarios. We have designed strict

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data protection policies to ensure that the collection, consolidation, use, storage, transmission and dissemination of such data are in compliance with applicable laws and with prevalent industry practice in all material respects. We also established a Security and Privacy Committee, comprised of members from various departments, including data security, privacy compliance, internal control and audit, and supervision, to ensure compliance with applicable laws and regulations in all material respects and to ensure that we meet the expectations of our customers.

We have established a robust information system in compliance with applicable data security requirements in all material respects. Our information system applies safeguards, including double-firewalls, antivirus walls and web application firewalls. We encrypt data to enhance data security. Our database can only be accessed through computers designated for authorized use. Only authorized staff can access these computers for designated purposes. We also have clear and strict authorization and authentication procedures and policies in place. Our employees only have access to data which is directly relevant and necessary for their job responsibilities and for limited purposes and are required to verify authorization upon every access attempt.

We regularly assess the effectiveness of our information system and data privacy and security policies. We closely monitor regulatory developments to ensure compliance. For example, in 2021, we conducted a full identification and review of relevant regulations and made amendments to our current data security documents based on the most recent released Data Security Law of the People's Republic of China after looking into every detailed item within, so as to keep our data security management abreast with the latest regulations and policies. We also actively participate in legislative feedback activities, such as the "Corporate Seminar of Standard Contract Provisions on Personal Information Exportation" to provide our insights and keep us abreast with the most recent regulatory requirements. To promote awareness of data privacy and security, we regularly hold and participate in data security and privacy protection conferences, industry insight sharing and regulatory communication meetings.

We have completed various information security, privacy and compliance certifications/validations, proving the security and reliability of our data protection technologies. For example, we have obtained ISO 9001 for Quality Management System, ISO 20000-1 for Service Management System, ISO 27001 for Information Security Management, ISO 22301 for Business Continuity Management Systems, ISO 27018 for Protection of Personally Identifiable Information for Public Cloud and ISO 27017 for Cloud Security Management System. Our in-house legal and data protection team has also been awarded as Winner in cloud services, and Highly-recommended in data protection and privacy in the 2021 In-house Counsel Awards by China Business Law Journal.

During the Track Record Period and up to the Latest Practicable Date, we have not received any claim from any third party against us on the ground of infringement of such party's right to data protection as provided by applicable PRC laws and regulations or any

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applicable laws and regulations in other jurisdictions and we have not been subject to any government investigation, inquiry, action or penalty in such respects, or experienced any material data loss or breach incidents.

SALES AND MARKETING

To promote our cloud products and solutions, we mainly directly reach out to our customers and in certain cases we cooperate with third-party agents. Direct sales supported by our experienced industry-focused team is our primary sales approach. To promote our cloud products and solutions, particularly when we enter into a new vertical, we intend to cooperate with industry leaders to complete lighthouse projects to demonstrate our technological capabilities and the advantages of our cloud products and solutions. We then leverage such lighthouse projects to market our products and solutions for other customers in the vertical. We seek to generate recurring revenues through after-sale services and cross-sell new solutions after we gain insights into customer needs.

We have established a professional and industry-focused in-house sales team. Our employees have deep knowledge of the industries and customers that they are responsible for. Our in-house sales team works closely with our engineering team to ensure that they can propose and integrate the most suitable solutions to address the pain points faced by participants in the relevant industry verticals.

On the other hand, our in-house sales department works closely with the sales partners and leverages their understanding of end user demands, thereby developing tailored marketing strategies.

To encourage and incentivize our in-house sales team, we have designed a compensation structure that includes both fixed and performance-based components. We set specific performance targets for each team member. We evaluate such employee's performance every year and pay out performance-based compensation accordingly.

In addition, we have a marketing team responsible for increasing the awareness of our brand, promoting our new and existing products and services, maintaining our relationships with business partners and managing public relations.

CUSTOMERS AND CUSTOMER SUPPORT

Customers

We primarily focus on providing high-quality enterprise-grade cloud products and solutions to enterprises and public service 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. The total number of our Premium Customers increased from 243 in 2019 to 322 in 2020, and further to 597 in 2021.

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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. As a result, we have generated a substantial portion of our revenues from large customers. Our total revenues generated from Premium Customers contributed 97.4%, 98.1% and 97.8% of our total revenues in 2019, 2020 and 2021, respectively.

We have generated a highly loyal customer base. Our platform offers a wide spectrum of cloud products and we focus on capturing cross-selling opportunities. In 2019, 2020 and 2021, our net dollar retention rate of Public Cloud Service Premium Customers was 155%, 146% and 114%, respectively.

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 proximately 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.

The following tables set forth a summary of our five largest customers for the periods indicated.

Five Largest Customers for the Year Ended December 31, 2019	Background	Objects of Transaction	Year of Commencement of Relationship with the Group	Transaction Amounts (RMB'000)	Percentage Contribution to the Group's Total Revenue
Customer A	An Internet company	Public cloud services	2016	1,222,723	30.9%
Xiaomi	An Internet company	Public cloud services	2012	570,551	14.4%
Customer B	An Internet company	Public cloud services	2015	461,927	11.7%
Customer C	An Internet company	Public cloud services	2017	234,755	5.9%
Kingsoft Group	A software technology company	Public cloud services	2014	109,177	2.8%

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Five Largest Customers for the Year Ended December 31, 2020	Background	Objects of Transaction	Year of Commencement of Relationship with the Group	Transaction Amounts (RMB'000)	Percentage Contribution to the Group's Total Revenue
Customer A	An Internet company	Public cloud services	2016	1,851,315	28.1%
Customer B	An Internet company	Public cloud services	2015	987,773	15.0%
Xiaomi	An Internet company	Public cloud services	2012	655,247	10.0%
Customer C	An Internet company	Public cloud services	2017	302,206	4.6%
Customer D	An electronic products manufacturer	Public cloud services	2019	249,704	3.8%

Five Largest Customers for the Year Ended December 31, 2021	Background	Objects of Transaction	Year of Commencement of Relationship with the Group	Transaction Amounts (RMB'000)	Percentage Contribution to the Group's Total Revenue
Customer A	An Internet company	Public cloud services; enterprise cloud services	2016	1,983,204	21.9%
Customer B	An Internet company	Public cloud services; enterprise cloud services	2015	1,186,105	13.1%
Xiaomi	An Internet company	Public cloud services; enterprise cloud services	2012	772,454	8.5%
Customer C	An Internet company	Public cloud services	2017	352,860	3.9%
Customer D	An electronic products manufacturer	Public cloud services	2019	281,365	3.1%

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Five Largest Customers for the Three Months Ended March 31, 2022	Background	Objects of Transaction	Year of Commencement of Relationship with the Group	Transaction Amounts (RMB'000)	Percentage Contribution to the Group's Total Revenue
Customer A	An Internet company	Public cloud services; enterprise cloud services	2016	389,815	17.9%
Xiaomi	An Internet company	Public cloud services; enterprise cloud services	2012	236,016	10.9%
Customer B	An Internet company	Public cloud services; enterprise cloud services	2015	194,889	9.0%
Customer E	An Internet company	Enterprise cloud services	2017	150,486	6.9%
Customer D	An electronic products manufacturer	Public cloud services	2019	75,745	3.5%

Xiaomi was one of our five largest customers for each of the years ended December 31, 2019, 2020, 2021 and the three months ended March 31, 2022, and Kingsoft Group was one of our five largest customers for the year ended December 31, 2019. Except as disclosed above, to the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, our customers were Independent Third Parties. Except as disclosed above, as of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest customers.

We generally enter into annual contracts with our public cloud service customers. For our enterprise cloud service customers, we enter into service contracts on a project basis. Pursuant to our template agreements with customers, we typically offer credit terms ranging from one to six months. For public cloud customers, we also offer prepaid subscription packages over a fixed subscription period. For enterprise cloud customers, we also provide multi-phase project arrangements to meet their demands. Customers shall use our products and services appropriately and in compliance with all applicable laws and regulations. We do not involve in the development or operation in our customers' product and services. Our customers shall be responsible for the compliance, including the legal collection and use of personal information of its product and services. We retain all our intellectual property rights with respect to our products.

End-to-end Fulfillment and Deployment

We have inherited the "To-B service DNA" from Kingsoft Group, the widely trusted leading software franchise in China, and are devoted to serving enterprise customers and empowering them with cloud technologies. We have benefited from Kingsoft Group's over 30 years of experience in providing enterprise services. With our customer-centric service philosophy, we always prioritize the needs of our customers and strive to provide an exceptional experience to them. As a result, our brand has received broad recognition in China.

We have built an experienced team that is knowledgeable about both technology advancements and pain points faced by participants in relevant industry verticals, allowing us to provide products and solutions that directly address the needs of our customers.

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We value each customer and provide best-in-class customer services and support covering the entire cloud migration process, which is executed by our in-house professionals to optimize service efficiency and to enhance our control over service quality. We have built our in-house team to deliver end-to-end services, covering all of the mission-critical tasks including planning, solution development, fulfillment and deployment, as well as ongoing maintenance and upgrade.

For example, for each enterprise cloud project, we provide dedicated services to customers with our in-depth industry insights. At project initiation, our specialized industry team performs in-depth analysis on customers' business needs and designs tailored solutions accordingly. Our product expertise and industry know-how are embedded in our solutions, empowering customers to easily integrate cloud resources and technologies with their business system. During the fulfillment and deployment process, we offer customers seamless cloud migration services. We have established 13 strategically located deployment centers with deployment team who are experienced with deployment and equipped with our product expertise and industry know-how. After delivery, we have regular client reviews to constantly improve our services. In particular, for our Premium Customers, we also have a technical support team on demand 24×7 who respond to customer inquiries within 90 seconds.

As compared to in-house deployment, building projects with external third parties has to involve different practices, require integrations across their fragmented offerings to form a complete workflow, which creates friction costs. In addition, inconsistency across different teams' expertise and unclear accountability may result into deteriorated quality of fulfillment and deployment. Compared to outsourcing certain stages of project deployment to external vendors, we directly work on the entire process of cloud migration projects, aiming to making consistent and best-in-class fulfillment and deployment. We believe our in-house fulfillment and deployment can bring various benefits to our customers:

- **Consistency and quality service throughout the process.** Our internal team is deeply engaged in the entire cloud migration process. We design customer-tailored solution in upfront planning, and continue to maintain direct control over the fulfillment, deployment and configuration, ensuing consistency and quality.

- **Trusted service provider**. As we directly work on the cloud migration projects, we build up client trust through timely response and superior engagement, avoiding potential risks arising from coordination among different third-party vendors.

- **High efficiency and certainty.** By equipping our localized deployment team with leading product capabilities, we are able to achieve great efficiency and certainty in fulfill customers' requests, even in the challenging pandemic environment.

Moreover, by integrating Camelot's nationwide project execution capacities and resources across China, including Beijing, Anhui, Jiangsu, Hubei, among others, we are able to further enhance our communications with customers to better understand their business needs. As a result, we are able to further accelerate and enhance the implementation of enterprise cloud service projects with lower costs, improved efficiency, and higher value.

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SUPPLIERS AND PROCUREMENT

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 proximately 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.

The following tables set forth a summary of our five largest suppliers for the periods indicated.

Five Largest Suppliers for the Year Ended December 31, 2019	Background	Products Purchased	Year of Commencement of Relationship with the Group	Transaction Amounts (RMB'000)	Percentage Contribution to the Group's Total Purchases*
Supplier A	An telecommunication operator	IDC services	2014	463,347	10.0%
Supplier B	A technology company	Server and equipment	2018	278,974	6.0%
Supplier C	A technology company	Server and equipment	2016	272,097	5.9%
Supplier D	An telecommunication operator	IDC services	2014	234,349	5.1%
Supplier E	An telecommunication operator	IDC services	2014	224,158	4.8%

Five Largest Suppliers for the Year Ended December 31, 2020	Background	Products Purchased	Year of Commencement of Relationship with the Group	Transaction Amounts (RMB'000)	Percentage Contribution to the Group's Total Purchases*
Supplier A	An telecommunication operator	IDC services	2014	606,777	9.3%
Supplier E	An telecommunication operator	IDC services	2014	597,242	9.2%
Supplier D	An telecommunication operator	IDC services	2014	288,017	4.4%
Supplier B	A technology company	Server and equipment	2018	196,035	3.0%
Supplier F	A technology company	Server and equipment	2014	140,888	2.2%

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Five Largest Suppliers for the Year Ended December 31, 2021	Background	Products Purchased	Year of Commencement of Relationship with the Group	Transaction Amounts (RMB'000)	Percentage Contribution to the Group's Total Purchases*
Supplier E	An telecommunication operator	IDC services	2014	769,721	8.5%
Supplier A	An telecommunication operator	IDC services	2014	646,645	7.1%
Supplier D	An telecommunication operator	IDC services	2014	240,167	2.6%
Supplier G	A technology company	Server and equipment	2017	204,086	2.2%
Supplier H	A technology company	Server and equipment	2018	146,162	1.6%

Five Largest Suppliers for the Three Months Ended March 31, 2022	Background	Products Purchased	Year of Commencement of Relationship with the Group	Transaction Amounts (RMB'000)	Percentage Contribution to the Group's Total Purchases*
Supplier E	An telecommunication operator	IDC services	2014	174,447	8.1%
Supplier A	An telecommunication operator	IDC services	2014	138,184	6.4%
Supplier H	A technology company	Server and equipment	2018	68,901	3.2%
Supplier I	A technology company	Purchase of technology components, fulfillment services	2021	53,045	2.5%
Supplier D	An telecommunication operator	IDC services	2014	47,762	2.2%

Note:

* The amount of total purchase contains the addition of fixed asset and construction in progress and cost of revenue excluding depreciation and amortization costs.

During the Track Record Period, we have not experienced any significant fluctuation in prices set by our suppliers, material breach of contract on the part of our suppliers, delay in delivery of our orders from our suppliers.

As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers.

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COMPETITION

We face competition in every major aspect of our business. In particular, we mainly compete with other cloud service providers in China. Competition primarily lies in our industry, including product functionality and scope, performance, scalability and reliability of services, technology capabilities, marketing and sales capabilities, user experience, pricing, brand recognition and reputation. In addition, new and enhanced technology may further increase competition in our industry.

We believe that we are well-positioned to compete effectively on the basis of the foregoing factors. Nevertheless, some of our existing competitors have greater name recognition, broader footprint, longer operating histories, larger customer bases as well as greater financial, technical and other resources. 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." For more information on the competitive landscape of our industry, see "Industry Overview."

INTELLECTUAL PROPERTY

We develop and protect our intellectual property portfolio by registering our patents, trademarks, copyrights and domain names. We have also adopted a comprehensive set of internal rules for intellectual property management. These guidelines set the obligations of our employees and create a reporting mechanism in connection with our intellectual property protection. We have entered into standard employee agreements and confidentiality and non-compete agreements with our full-time R&D staffs, which provide that the intellectual property created by them in connection with their employment with us is our intellectual property.

As of March 31, 2022, we have registered 474 patents, 620 trademarks, 372 copyrights, and 129 domain names in China and overseas. We have obtained the license from Kingsoft to use its "金山雲" and "Kingsoft Cloud" trademarks. We have also obtained the license from Kingsoft Group to use some of its registered patents during their terms of registration. We intend to vigorously protect our technology and proprietary rights, but there can be no assurance that our efforts will be successful. Even if our efforts are successful, we may incur significant costs in defending our rights. See "Risk Factors – Risks Relating to Our Business and Industry – We could incur substantial costs in protecting or defending our intellectual property rights, and any failure to protect our intellectual property could adversely affect our business, results of operations and financial condition."

Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use our technology. Monitoring unauthorized use of our technology is difficult and costly, and we cannot be certain that the steps we have taken will prevent misappropriation of our technology. From time to time, we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and

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diversion of our resources. In addition, third parties may initiate litigation against us alleging infringement of their proprietary rights or declaring their non-infringement of our intellectual property rights. In the event of a successful claim of infringement and our failure or inability to develop non-infringing technology or license the infringed or similar technology on a timely basis, our business could be harmed. Even if we are able to license the infringed or similar technology, license fees could be substantial and may adversely affect our results of operations.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes or any other pending legal proceedings of intellectual property rights with third parties.

EMPLOYEES

We had 10,221 employees as of March 31, 2022, most of whom were located in China, and the rest were located overseas. The following table sets forth a breakdown of our employees by function as of March 31, 2022.

Function	Number of Employees	Percentage
		(%)
Research and development	1,213	11.9
Sales and marketing	510	5.0
General and administrative	809	7.9
Solution development and services	7,689	75.2
Total	10,221	100.0

Our success depends on our ability to attract, retain and motivate qualified personnel, and we believe that our high-quality talent pool is one of the core strengths of our company. We adopt high standards and strict procedures in our recruitment, including campus recruitment, online recruitment, internal recommendation and recruitment through executive search, to satisfy our demands for different types of talents.

We provide regular and specialized training tailored to the needs of our employees in different departments. Our employees can also improve their skills through our development of solutions for our customers and mutual learning among colleagues. New employees will receive pre-job training and general training.

We offer competitive compensations for our employees. Besides, we regularly evaluate the performance of our employees and reward those who perform well with higher compensations or promotion.

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As required by PRC laws and regulations, we participate in various employee social security schemes organized by municipal and provincial government, including pension, maternity insurance, unemployment insurance, work-related injury insurance, health insurance and housing provident fund. We are required under PRC laws and regulations to make contributions to employee social security schemes at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time.

We enter into standard contracts and agreements regarding confidentiality, intellectual property, employment, commercial ethics and non-competition with all of our executive officers and the vast majority of our employees. These contracts typically include a non-competition provision effective during and up to two years after their employment with us and a confidentiality provision effective during and after their employment with us.

None of our employees are currently represented by labor unions. We believe that we maintain a good working relationship with our employees, and we have not experienced any significant labor disputes or any difficulty in recruiting staff for our operations during the Track Record Period.

INSURANCE

Our employee-related insurance consists of pension insurance, maternity insurance, unemployment insurance, work-related injury insurance, medical insurance, as required by PRC laws and regulations. We also purchase supplemental commercial medical insurance for our employees.

In line with general market practice, we do not maintain any business interruption insurance or product liability insurance, which are not mandatory under PRC laws. We do not maintain key-man life insurance, insurance policies covering damages to our network infrastructures or information technology systems or any insurance policies for our properties. During the Track Record Period, we did not make any material insurance claim in relation to our business.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

We believe that strong ESG management is essential to the sustainability of our business. In addition to developing advanced cloud technologies, we aim to build and deliver more enabling products and services to all stakeholders. For example, we have been proactively leveraging our technology capabilities to help overcome the challenges of the COVID-19 pandemic by developing countermeasures such as resource management platforms.

The nominating and corporate governance committee of the Board is primarily responsible for overseeing of our ESG initiatives. The compensation committee of the Board is responsible for oversight of human capital matters, and the audit committee of the Board is responsible for oversight of our financial risk and compliance issues. Furthermore, we have establish a risk control committee at management level in 2021 to oversee ESG-related risks.

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During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any fines or other penalties due to non-compliance in relation to health, work safety or environment regulations and had not had any incident, or received any claim for personal or property damage made by our employees which had materially and adversely affected our financial condition or business operations.

In May 2022, we issued our ESG report for 2021. The ESG report mainly includes topics of privacy and data security, customer service, technology innovation, talent attraction, development and training, business ethics and anti-corruption, and intellectual rights protection and others.

Technological Innovation

Leveraging our top-notch technology infrastructure resources, we have developed a comprehensive suite of leading cloud computing services, providing solutions to a variety of industries. Adhering to the concept of inventing for good, we are committed to leveraging our technology capabilities to address the needs and challenges of the new generations and promote the well-being of all.

Responsible Operations

We uphold the principles of compliance and integrity in every aspect of our operation. We abide by all applicable laws and regulations in our operations and act by the highest standards. We are dedicated to providing reliable cloud services, safeguarding data security and promoting honest business practices. Our efforts in responsible operations include, among others, the following:

- We put every effort into protecting user privacy and data security. See "– Data Privacy and Security."

- Dedicated to providing cutting-edge cloud products and solutions, intellectual property rights protection is of paramount importance to us. We firmly protect our own innovation achievements and also fully respects that of other parties.

- We dedicate ourselves to building a fair and transparent working environment and adopt a zero-tolerance attitude towards corruption, bribery and any other unethical behaviors.

Talent Development

We regard our employees as the most valuable assets for the Company. We respect the fundamental rights entitled to employees, ensure equal opportunities for all employees and job applicants and continually look for ways to further diversify our workforce and strengthen our culture of inclusion.

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We wish to grow together with our employees. We provide a range of training programs and incentive mechanisms for employees worldwide, all aiming to help employees improve their all-around capabilities.

We strive to create a warm workplace reflecting our diverse, equal and inclusive culture, with each of our employee bringing their passion and potential to the max, to constantly innovate and reimagine the future. To this end, we put effort in increasing workforce diversity and talents retention.

Environment

We do not operate any production facilities, and thus we are not subject to significant health, workplace safety or environmental risks. Nonetheless, we are committed to innovating products and services that empower businesses in a way that also protects the environment and resources that we share on this planet.

Sustainable Data Center

In line with China's "dual carbon" goals of "striving to peak carbon dioxide emissions before 2030 and achieve carbon neutrality before 2060", our data centers are established in a high-efficiency, low-carbon, energy-saving, and renewable way. In addition, we improve energy and resource utilization in the processes of the planning, design, operation, and maintenance of the data center, implementing a green development strategy. We closely monitor the power usage effectiveness, or PUE, of our data centers. PUE is the ratio of total amount of energy used by a computer data center facility to the energy delivered to computing equipment, illustrating how efficiently a data center uses energy. The actual PUE of our data center in Beijing was 1.37 in 2021, lower than its designed PUE of 1.4.

Green Workplace

Our workplace sustainability philosophy centers around resource efficiency and powered by a smart management system. In June 2021, we obtained the ISO14001 for Environmental Management System certification. The Xiaomi Science and Technology Park, where our headquarters are located, was awarded a Two-star Grade Certificate of Green Building Design Label under the Beijing Evaluation Standard for Green Building, and obtained the certification for Leadership in Energy and Environment Design (LEED) Platinum.

Occupational Health and Safety

We continue to invest in health, safety and wellness programs to help employees enjoy a better quality of life and contribute to our success. We strictly abide by applicable laws, regulations and internationally recognized practices in conducting our operation and continue to invest in building a more robust protection system for all our employees. We emphasize the importance of fire safety management in our workplace. We conduct regular safety inspections, fire drills, training and educational campaigns as well as other activities to enhance employees' safety awareness and emergency response skills.

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FACILITIES

We occupy certain properties for non-property activities as defined under Rule 5.01(2) of the Listing Rules. According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all our interests in land or buildings, for the reason that, as of March 31, 2022, none of the properties leased by us had a carrying amount of 15% or more of our consolidated total assets.

As of the Latest Practicable Date, we leased offices in Beijing and certain other cities where we operate with an aggregate gross floor area of approximately 52,965 square meters. These facilities currently accommodate our management headquarters and data centers, as well as most of our sales and marketing, research and development, and general and administrative activities. We believe that there is sufficient supply of properties in China and other jurisdictions where we operate and we do not rely on the existing leases for our business operations.

For more information about the risks with respect to our leased properties, see "Risk Factors – Risks Relating to Our Business and Industry – We face certain risks relating to the real properties that we lease, which may adversely affect our business."

LEGAL PROCEEDINGS AND NON-COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material non-compliance incidents that have led to fines, enforcement actions, or other penalties that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation.

Failure to Make Full Contributions to Social Insurance and Housing Provident Funds

During the Track Record Period and up to the Latest Practicable Date, we had not made full contributions to the social insurance plan and housing provident fund based on the actual salary level of some of our employees as prescribed by relevant laws and regulations. Pursuant to relevant PRC laws and regulations, the under-contribution of social insurance within a prescribed period may subject us to a daily overdue charge of 0.05% of the delayed payment amount. If such payment is not made within the stipulated period, the competent authority may further impose a fine of one to three times of the overdue amount. Pursuant to relevant PRC laws and regulations, if there is a failure to pay the full amount of housing provident fund as

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required, the housing provident fund management center may require payment of the outstanding amount within a prescribed period. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement. We have made provisions of nil, nil, RMB15.0 million and RMB14.3 million in our consolidated statements of comprehensive profit or loss for the shortfall in our social insurance and housing provident fund contributions for the years ended December 31, 2019, 2020 and 2021 and three months ended March 31, 2022, respectively. See "Risk Factors – Risks Relating to our Business and Industry – Failure to pay the social insurance premium and housing provident funds for and on behalf of our employees in accordance with the Labor Contract Law or comply with other related regulations of the PRC may have an adverse impact on our financial conditions and results of operation."

As of the Latest Practicable Date, no administrative action or penalty had been imposed by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions, nor had we received any order to settle the deficit amount. Moreover, as of the Latest Practicable Date, we were not aware of any complaint filed by employees regarding our social security insurance and housing provident fund policy. We undertake to make timely payments for the deficient amount and overdue charges, as soon as requested by the competent government authorities.

Going forward, we will take the following measures to comply with the regulatory requirements. We are in the process of communicating with employees with a view to seeking their understanding and cooperation in complying with the applicable payment base, which also requires additional contributions from our employees. We have enhanced our internal control measures requiring social insurance and housing provident fund contributions to be made in compliance with relevant PRC laws and regulations. In addition, we will regularly review and monitor the reporting and contributions of social insurance and housing provident fund and we will consult our PRC legal counsel on a regular basis for advice on relevant PRC laws and regulations to keep us abreast of relevant regulatory developments.

LICENSES AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, we had obtained all material licenses, permits, approvals and certificates necessary to conduct our business operations from the relevant government authorities in the PRC, and such licenses, permits, approvals and certificates remained in full effect. These include the VAT Licenses for internet data center services, internet access services, domestic internet protocol virtual private network services, content delivery network services and internet information services. For the licenses or permits that are going to expire, we are in the process of renewing them.

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The following table sets forth the details of the material licenses and permits necessary for the operation of our business in China.

License/Permit	Entity Holding the License/Permit	Grant Date	Expiration Date
VAT License	Kingsoft Cloud Network	July 22, 2020	March 18, 2024
VAT License	Kingsoft Cloud Network	February 24, 2021	April 11, 2023
VAT License	Beijing Jinxun Ruibo	September 30, 2021	August 23, 2022*Note 1*
VAT License	Beijing Jinxun Ruibo	February 18, 2022	February 18, 2027
VAT License	Kingsoft Cloud Information	January 17, 2019	January 17, 2024
VAT License	Kingsoft Cloud Information	September 30, 2021	September 30, 2026
VAT License	Kingsoft Cloud Network	November 28, 2017	November 28, 2022
VAT License	Nanjing Qianyi	April 9, 2018	January 9, 2023
VAT License	Nanjing Qianyi	April 3, 2018	December 7, 2022
VAT License	Wuhan Kingsoft Cloud	December 14, 2018	December 14, 2023
VAT License	Wuhan Kingsoft Cloud	September 30, 2021	December 14, 2025
VAT License	Shanghai Jinxun Ruibo	January 24, 2022	January 24, 2027
VAT License	Shenzhen Yunfan	April 29, 2022	October 26, 2025

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Note 1: The Company is in the process of renewing the license.

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AWARDS AND RECOGNITION

The following table sets forth major awards and recognitions we received as of the Latest Practicable Date.

Award/Recognition	Award Year	Awarding Institution/Authority
Best Edge Computing Platform	2020	APAC CDN Industry Alliance
Gold Award	2020	The Eighth China Information Technology Expo
Top 50 Big Data Enterprises	2020	China Big Data Industry Ecological Alliance
Cloud Gaming Case of the Year – Cloud Gaming Service Platform	2020	5G Cloud Gaming Industry Alliance
Gold Award for VR/AR Innovation	2020	Virtual Reality Industry Alliance
Information Innovation Product	2020	The Internet Economy Magazine
Data Industry Transformation Leader – Leading Enterprise in Edge Computing	2020	Global Internet Data Conference
50 Leading Finance Technology Enterprises	2020	KPMG China
Top 50 VR Enterprises	2021	Virtual Reality Industry Alliance
Top 100 Competitive Software and Information Technology Service Enterprises	2021	China Information Technology Industry Federation
RTC Technology Innovation Award	2021	APAC Content Distribution Conference & CDN Summit
ESG Pioneer – ESG Practice Award of the Year	2021	Shanghai United Media Group

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RISK MANAGEMENT AND INTERNAL CONTROL

Information Technology Risk Management

We have established and currently maintain information technology risk management and internal procedures and policies that we consider to be appropriate for our business operations. We are dedicated to continually improving these systems. See "– Data Privacy and Security" in this section for information about our information security procedures and policies.

Human Resource Risk Management

We have established internal control policies covering various aspects of human resource management such as recruiting, training, work ethic and legal compliance. We maintain high standards in recruitment with strict procedures to ensure the quality of new hires and provide specialized training tailored to the needs of our employees in different departments. We also conduct periodic performance reviews for our employees, and their remuneration is performance-based. We monitor the implementation of internal risk management policies on a regular basis to identify, manage and mitigate internal risks in relation to the potential incompliance with our code of conduct, work ethics, and violations of our internal policies or illegal acts.

We also have in place a code of business conduct and ethics, and FCPA-related policies to safeguard against corruption within our company, providing to our employees the best practices and work ethics as well as our anti-corruption and anti-bribery guidance and measures. In particular, we have adopted an internal code of business conduct and ethics to enhance the professionalism of teams, strengthen the awareness of compliance and integrity, as well as prevent all kinds of violations or improper conducts. Under our firm-wide whistleblowing policy, we make our internal reporting channel open and available for our staff to file complaints or report violations. We will conduct timely investigation and evidence collection after receiving complaints about and reports on violation of the code of integrity.

Financial Reporting Risk Management

We have in place a set of accounting policies and procedures in connection with our financial reporting risk management, such as financial and accounting policies, budget management procedure and financial statement preparation procedure. We have various procedures and IT systems in place to implement accounting policies, and our finance department reviews our management accounts based on such procedures. We also provide regular training to our finance department staff to ensure that they understand our financial management and accounting policies and implement them in our daily operations. Our accounting and financial team is led by Mr. Haijian He, our Chief Financial Officer, who has extensive experience in finance and financial reporting. Our accounting and financial team also consisted with qualified and experienced financial and accounting staff to strengthen our financial reporting capability.

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Legal and Compliance Risk Management

Our business is subject to regulation and supervision by national, provincial and local government authorities with regard to our business operations, which may be subject to changes. For further details on the applicable laws and regulations in relation to our business operations, see "Regulations" of this document. We have in place detailed internal procedures to ensure regulatory compliance. Our legal department and government relationship department are responsible for obtaining any requisite governmental pre-approvals or consent, including preparing and submitting all necessary documents for filing with relevant government authorities within the prescribed regulatory timelines and ensuring all necessary application, renewals or filings for trademark, copyright and patent registration have been timely made to the competent authorities.

Internal Control Risk Management

To ensure strict compliance of our business operations with applicable rules and regulations, we have designed and adopted a set of comprehensive internal control policies. We have also established an internal audit department to enhance internal controls and have engaged an independent advisory firm to assist us in assessing the design and effectiveness of our execution of internal controls and in improving our overall internal controls. We continually review our risk management policies and measures to ensure our policies and implementation are effective and sufficient.

Audit Committee Experience and Qualification and Board Oversight

We have established an audit committee to monitor the implementation of our risk management policies across our Company on an ongoing basis to ensure that our internal control system is effective in identifying, managing, and mitigating risks involved in our business operations. For more information about our audit committee, including the professional qualifications and experiences of its members, see "Directors and Senior Management – Corporate Governance."