

## SUMMARY

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

*There are risks associated with any [REDACTED]. Some of the risks in [REDACTED] in the [REDACTED] are set out in “Risk Factors” of this document. You should read that section carefully before you decide to [REDACTED] in the [REDACTED].*

## OVERVIEW

### Our Mission

Our mission is to create a connected and intuitive world with artificial general intelligence.

### Our Vision

We believe in a world made better by the increased application of AI. AI has transformed the way we work, communicate and interact with the world. It is not a fleeting trend, but an enduring shift. The name of our company, “Cloud understands your mind,” or 雲知聲 in Chinese, speaks to this conviction. We aspire to spearhead the technological evolution to explore every possibility within the realm of AI.

### Who We Are

We have pioneered AGI technology in Asia, with proven success in commercializing large language models, the critical path towards AGI. Inherently operating through the direct and continuous interaction with human, conversational AI benefits from this feedback loop that automatically and incessantly advances its abilities, and has the greatest potential for AGI commercialization. Soon after the breakthroughs in natural language processing of Transformer in 2017 and BERT in 2018, leveraging our strong R&D expertise in conversational AI and market insights gained since our inception, we launched our first BERT-based large language model, UniCore, and related AI solutions for customers across a wide range of industry verticals. Our AI technology continues to advance with multimodal capabilities and a vast wealth of dynamic, iterating user interactions across diverse application scenarios.

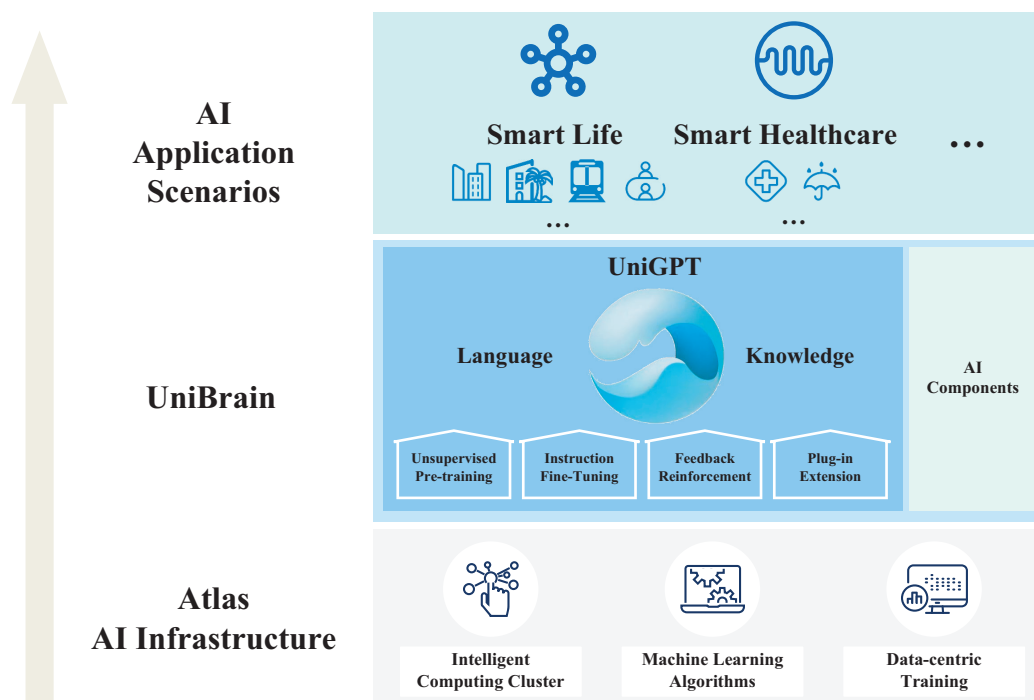
We strategically started building the Atlas AI infrastructure in 2016, which centers on our intelligent computing cluster, dynamically scheduling strong computing power for machine learning tasks efficiently. It provides critical support to the development, optimization and commercialization of frontier AI models. Our intelligent computing cluster currently harbors a computing power of over 200 PFLOPS, and a storage capacity of over 1.6PB. Further built on the evolution and advancement of the UniCore in past years, we launched a proprietary 60 billion-parameter large language model, UniGPT, in 2023 as the new core of our technology platform, UniBrain. UniGPT features strong multilingual and general knowledge capabilities. With industry knowledge enhancement, instruction fine-tuning, reinforcement learning from human feedback (RLHF) and functional plug-ins augmentation, we are able to further enhance UniGPT into a large language model that offers comprehensive general knowledge and industry-specific expertise, adaptable across application scenarios through Model-as-a-Service (MaaS).

We have offered highly competitive products and solutions on the UniBrain technology platform for a broad range of application scenarios in smart life and smart healthcare. According to

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Frost & Sullivan, we were the fourth largest AI solution provider by revenue in China in 2022, yet the fastest in growth among those with annual revenues over RMB500 million. In the same year, we ranked third by revenue in both smart life and smart hospital industries in China. Extensive commercial application of these products and solutions has provided us with high-quality user feedback, which, in turn, prompting incessant iterations of UniGPT as the core of UniBrain.

The diagram below illustrates the Atlas AI infrastructure, UniBrain and the application scenarios of our AI solutions.



### UniBrain

UniBrain, our key technology platform, comprises our proprietary large language model UniGPT and a wide array of AI components. UniGPT is at the core of UniBrain. Pre-trained with massive volume of text and code, it has over 60 billion parameters and possesses strong general abilities.

### Key Features of UniBrain

- **Universal:** UniGPT is based on large scale generative pre-training and efficient fine-tuning framework. It possesses strong abilities in natural language, general knowledge, reasoning and rapid learning and can handle complex application scenarios across industries, improving commercialization efficiency.
- **Adaptable:** We enhance UniGPT’s industry-specific application with incremental training and fine-tuning with industry data, as well as plug-ins and AI components without the need for heavy model re-training, adapting our AI solutions to highly-specialized scenarios. We can integrate UniGPT with a customer’s proprietary knowledge bank, real-time information and readily available APIs to optimize its performance in highly-specialized application scenarios.

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- **Efficient:** Based on the strong language, knowledge and learning capability of UniGPT, our AI solutions are inherently highly adaptive, capable of processing mainstream demands across industries. When expanding the application of our AI solutions, we perform a task data fine-tuning process rapidly under a unified adaptation framework, without the need for model reproduction and process redevelopment based on specific business logics, and hence significantly reducing the human input needed. This approach differs from the traditional “workshop-style” manual crafting of AI end products, enjoying higher R&D efficiency.

### Products and Solutions

Based on UniBrain, we offer easy-to-deploy AI products and solutions with optimal performance that, based on our increasing MaaS capabilities, can be efficiently fine-tuned for a broad range of customers. These products and solutions help our customers improve operational efficiency and productivity, bringing value to end users across industries. Specifically:

- **Smart Life:** We provide diverse AI products and solutions for smart life scenarios such as residential, commercial space, hospitality and transportation. Empowered by our AI solutions, enterprises can provide immersive intelligent products and services to their customers, improve operational efficiency and service quality and reduce management costs. In 2022, our smart life solutions empowered 373 customers, including a top three insurance group in China, Shenzhen Metro Line 20 and Xiamen Software Park. In addition, we provide AI large language model capabilities through MaaS to developers and enterprises on-demand. Key products include public cloud-based AI capability APIs, customized private AI technology service platforms and AI model-embedded chips and IoT hardware modules. In 2022, our AI capabilities’ peak monthly call volume by external users was 915.8 million. In the same year, we sold 12.8 million AI chips to developers and customers.
- **Smart Healthcare:** We offer AI-empowered healthcare solutions such as medical record voice entry, medical record quality control, single-disease quality control, medical insurance payment management. These AI solutions not only help medical staff increase efficiency but also regulate medical service processes and decisions, thus reducing medical errors, improving medical service quality and safeguarding the rights of the patients. They also help prevent unreasonable medical expenses, supporting medical reform and improving the utilization and efficiency of medical insurances. In 2022, we provided AI solutions to 165 customers.

### Financial Overview

During the Track Record Period, our revenue was primarily derived from the sales of AI products and solutions. Our revenue increased from RMB260.8 million in 2020 to RMB455.8 million in 2021, and further to RMB600.6 million in 2022, with a CAGR of 51.7%; our gross profit increased from RMB89.2 million in 2020 to RMB145.0 million in 2021, and further to RMB239.9 million in 2022, with a CAGR of 63.9%; our net losses in 2020, 2021, and 2022 were RMB297.8 million, RMB434.3 million and RMB375.4 million, respectively; and adding back share-based payment expenses, finance cost of interest on redemption liabilities and [REDACTED] expenses, our adjusted net losses for 2020, 2021 and 2022 were RMB209.8 million, RMB171.7 million and RMB183.2 million, respectively.

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### OUR STRENGTHS

We believe the following competitive strengths have contributed to our success and distinguished us from our competitors:

- Pioneer and leader in AGI technologies;
- Robust R&D and productization capabilities powered by solid infrastructure;
- Extensive and in-depth collaboration underpinning commercialization success;
- Feedback loop continuously driving technology and product advancement; and
- Experienced management team and core personnel.

See “Business – Our Strengths.”

### OUR STRATEGIES

We plan to pursue the following strategies to realize the foregoing:

- Enhancing AI infrastructure and models;
- Attracting and nurturing AI talents;
- Expanding application scenarios and industry verticals; and
- Expanding internationally.

See “Business – Our Strategies.”

### OUR CUSTOMERS AND SUPPLIERS

We have a large customer base and we do not rely on any single customer. Revenue from our largest customer in 2020, 2021 and 2022 accounted for 20.6%, 21.6% and 13.1%, respectively, of our total revenues during those periods. Revenue from our five largest customers in 2020, 2021 and 2022 accounted for 40.1%, 34.4%, and 30.8%, respectively, of our total revenues during the same periods. See “Business – Customers.”

Our suppliers include reputable providers of hardware component, software, R&D and marketing service. Charges from our largest supplier in 2020, 2021 and 2022 accounted for 8.5%, 9.9%, and 20.8%, respectively, of our total purchase during those periods. Charges from our five largest suppliers in 2020, 2021 and 2022 accounted for 25.5%, 28.1%, and 46.2%, respectively, of our total purchase during the same periods. See “Business – Suppliers.”

### COMPETITION

The AI solutions industry in which we operate is highly competitive. We primarily compete with other companies that focus on developing and commercializing AI products and solutions. With respect to each industry vertical that we have entered, we also compete against providers of traditional solutions which are not AI-driven in such vertical. We may also in the future face competition from new entrants that will increase the competition. For example, more established technology companies that possess substantial financial resources, sophisticated technological capabilities and broad sales channels may develop solutions that directly compete with ours. See “Industry Overview.”

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### RISK FACTORS

Our business operation involves certain risks and uncertainties, which are set out in the section headed “Risk Factors.” You should read that section in its entirety carefully before you decide to invest in our [REDACTED]. Some of the major risks we face include:

- The industries in which we operate are characterized by constant changes. We may not be able to continuously develop and innovate our technologies and provide products and solutions that meet the expectations of customers;
- We may not be able to compete successfully against current or future competitors;
- We had net losses, net liabilities and net cash outflows in operating activities during the Track Record Period, and may not be able to achieve or subsequently maintain profitability in the future;
- Our recent growth is not necessarily indicative of our future performance, and we may not be able to sustain our revenue growth rate in the future;
- The AI industry is subject to evolving and extensive regulation in China. Future laws and regulations may impose additional requirements and other obligations that could materially and adversely affect our business, financial condition and results of operations;
- We may not be able to retain existing customers, attract new ones or increase their spending;
- We are subject to credit risk related to delay in payment and defaults of customers;
- We may fail to manage our inventory effectively;
- Our business depends substantially on the continuing efforts of our management and other key personnel, as well as a competent pool of talents that support our operations and future growth, and we may not be able to retain, attract, recruit and train such personnel; and
- Our strategic partnerships with academic institutions for joint R&D projects and other initiatives may not continue.

### APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the granting of the [REDACTED] of our H Shares pursuant to (i) the [REDACTED] (including any H Shares which may be issued pursuant to the exercise of the [REDACTED]), and (ii) the H Shares to be converted from our existing Domestic Unlisted Shares and Unlisted Foreign Shares on the basis that, among other things, we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to: (i) our revenue of RMB600.6 million (equivalent to approximately HK\$655.6 million) in the financial year ended December 31, 2022 exceeds HK\$500 million, and (ii) our expected [REDACTED] at the time of [REDACTED], which, based on the low-end of the indicative [REDACTED] range, exceeds HK\$[REDACTED].

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### PRINCIPAL COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

The following table sets out a summary of our consolidated statements of comprehensive loss for the years indicated:

	Year ended December 31,		
	2020	2021	2022
	(RMB in thousands)		
Revenue .....	260,835	455,821	600,619
Cost of sales and services .....	(171,587)	(310,794)	(360,732)
<b>Gross profit .....</b>	<b>89,248</b>	<b>145,027</b>	<b>239,887</b>
Operating expenses:			
Research and development expenses .....	(189,313)	(188,177)	(287,099)
Selling and marketing expenses .....	(64,247)	(60,489)	(46,086)
Administrative expenses .....	(50,187)	(200,496)	(48,420)
Net impairment losses on financial assets and contract assets .....	(7,304)	(49,223)	(71,976)
Other income .....	9,778	7,557	15,746
Other (losses)/gains - net .....	4,863	7,415	(1,363)
<b>Total operating expense .....</b>	<b>(296,410)</b>	<b>(483,413)</b>	<b>(439,198)</b>
Finance income .....	909	678	314
Finance costs .....	(91,588)	(98,122)	(177,675)
<b>Finance costs-net .....</b>	<b>(90,679)</b>	<b>(97,444)</b>	<b>(177,361)</b>
Share of profit from investments accounted for using the equity method .....	—	1,525	1,092
<b>Loss before income tax .....</b>	<b>(297,841)</b>	<b>(434,305)</b>	<b>(375,580)</b>
Income tax credit/(expense) .....	67	52	189
<b>Loss for the year .....</b>	<b>(297,774)</b>	<b>(434,253)</b>	<b>(375,391)</b>
<b>Loss for the year attributable to:</b>			
- Owners of the Company .....	(291,660)	(424,532)	(366,012)
- Non-controlling interests .....	(6,114)	(9,721)	(9,379)
	<b>(297,774)</b>	<b>(434,253)</b>	<b>(375,391)</b>

We have experienced strong revenue growth during the Track Record Period. Our revenue increased from RMB260.8 million in 2020 to RMB455.8 million in 2021, and further to RMB600.6 million in 2022, as we expanded into new industry verticals and offered a wider range of AI solutions. Our net losses in 2020, 2021 and 2022 were RMB297.8 million, RMB434.3 million and RMB375.4 million, primarily because we incurred significant amounts of R&D expenses during the Track Record Period as our business grew rapidly. While we have started to implement prudent measures to manage our costs and operating expenses, we currently expect such positions may continue until we achieve a greater scale.

### NON-IFRS FINANCIAL MEASURE

To supplement our consolidated financial statements presented in accordance with IFRS, we use adjusted net loss (a non-IFRS measure) as additional financial measure, which is not required by, or presented in accordance with, IFRS. We believe that this non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of items. We believe that this measure provides useful information to investors in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, presentation of adjusted net loss (a non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS



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measure has limitations as an analytical tool, and investors should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRS.

We define adjusted net loss (a non-IFRS measure) as net loss for the year adjusted by adding back share-based payment expenses, finance cost of interest on redemption liabilities, and [REDACTED] expenses. The following table sets forth a reconciliation of our non-IFRS financial measure for the years indicated to the nearest measure prepared in accordance with IFRS which is net loss for the year:

	Year ended December 31,		
	2020	2021	2022
	(RMB in thousands)		
Loss for the year	(297,774)	(434,253)	(375,391)
Add:			
Share-based payment expenses <sup>(1)</sup>	-	167,376	-
Finance cost of interest on redemption liabilities <sup>(2)</sup>	87,967	94,633	176,429
[REDACTED] expenses <sup>(3)</sup>	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net loss for the year (non-IFRS measure)	(209,807)	(171,709)	(183,205)

*Notes:*

- (1) Share-based payment expenses represent share-based payment expenses incurred in relation to the grant of certain preferred rights to certain pre-[REDACTED] investors, which will cease to be effective when we submit the [REDACTED] application. Such expenses are not expected to result in future cash payments, nonrecurring and are not indicative of our core operating results.
- (2) Finance cost of interest on redemption liabilities represents the non-cash, interest expense recorded to reflect interest incurred on our conditional obligation to redeem equity securities issued in our previous financing of Series. This redemption obligation was initially measured at net present value of the redemption obligation amount and recorded as a financial liability and incurred interest.
- (3) [REDACTED] expenses relate to our [REDACTED].

## DESCRIPTION OF CERTAIN COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of December 31,		
	2020	2021	2022
	(RMB in thousands)		
Total current assets	339,228	566,093	515,963
Total non-current assets	75,730	68,188	52,881
Total current liabilities	173,017	195,220	321,687
Total non-current liabilities	51,279	1,978,049	2,158,395
Net current assets	166,211	370,873	194,276

Our net current assets increased from RMB166.2 million as of December 31, 2020 to RMB370.9 million as of December 31, 2021, primarily due to an increase in total current assets from RMB339.2 million to RMB566.1 million, mainly reflecting (i) an increase in trade receivables, and (ii) an increase in financial assets at fair value through profit or loss.

Our net current assets decreased from RMB370.9 million as of December 31, 2021 to RMB194.3 million as of December 31, 2022, primarily due to an increase in total current liabilities from RMB195.2 million to RMB321.7 million, mainly reflecting (i) an increase in trade and other payables, and (ii) an increase in borrowings.

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### CASH FLOWS

The following table sets out our cash flows for the years indicated:

	Year Ended December 31,		
	2020	2021	2022
	<i>(RMB in thousands)</i>		
Cash used in operations	(163,566)	(237,791)	(165,941)
Add:			
Interest received	909	678	314
Placement of restricted cash	(487)	531	—
<b>Net cash used in operating activities</b>	<b>(163,144)</b>	<b>(236,582)</b>	<b>(165,627)</b>
Net cash generated/(used in) from investing activities	198,632	(56,526)	80,537
Net cash generated from financing activities	21,847	294,624	29,550
Net increase/(decrease) in cash and cash equivalents	57,335	1,516	(55,540)
Cash and cash equivalents at beginning of the year	71,342	128,048	129,650
Exchange effect on cash and cash equivalents	(629)	86	8
Cash and cash equivalents at the end of the year	128,048	129,650	74,118

We had net operating cash outflow of RMB163.1 million, RMB236.6 million and RMB165.6 million in 2020, 2021 and 2022, respectively, which was primarily due to our losses before income tax. Our trade receivable turnover also impacted our cash position.

We closely monitor the adequacy of our cash position in light of our business operations and future expansion. During the Track Record Period, we had funded our cash requirements primarily with capital contribution from shareholders and financing through the Pre-[REDACTED] Investments. Our total cash balance is sufficient to cover our net cash flows used in operating activities and provide adequate liquidity for our expansion of business operations. As such, we believe that we possess sufficient working capital, including sufficient cash and liquidity assets, after taking into account the financial resources available to us.

### KEY FINANCIAL RATIOS

The following table sets out our key financial ratios for the years indicated:

	Year ended December 31,		
	2020	2021	2022
Revenue growth (%)	—	74.8	31.8
Gross profit margin <sup>(1)</sup> (%)	34.2	31.8	39.9
Gross profit growth (%)	—	62.5	65.4
Net profit/(loss) margin <sup>(2)</sup> (%)	(114.2)	(95.3)	(62.5)
Adjusted net profit/(loss) margin <sup>(3)</sup> (%)	(80.4)	(37.7)	(30.5)

Notes:

(1) Gross profit margin equals gross profit divided by revenue for the year and multiplied by 100%.

(2) Net profit/(loss) margin equals net profit/loss divided by revenue for the year and multiplied by 100%.

(3) Adjusted net margin equals adjusted net profit/loss divided by revenue for the year and multiplied by 100%.

### OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As of the Latest Practicable Date, Dr. Liang, Dr. Huang and Dr. Kang, by virtue of the acting-in-concert arrangement among them, were collectively interested in approximately 33.93% of our total issued share capital, including (i) 3.78% of our total issued share capital directly held by Dr. Liang, (ii) 24.08% and 3.80% of our total issued share capital controlled by Dr. Huang indirectly through Yunsi



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Shangyi and Yunchuang Hudong, respectively, both of which have Tianjin Yunsheng (which is held by Dr. Huang as to 99%) as their respective general partner, and (iii) 2.27% of our total issued share capital directly held by Dr. Kang. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Dr. Liang, Dr. Huang and Dr. Kang will, directly and indirectly through Tianjin Yunsheng, Yunchuang Hudong and Yungsi Shangyi, continue to control in aggregate approximately [REDACTED]% of our total issued share capital. Therefore, they will remain as our Single Largest Group of Shareholders upon [REDACTED]. See “History, Development and Corporate Structure – The Single Largest Group of Shareholders” and “Relationship with Our Single Largest Group of Shareholders” for details.

[REDACTED]

## DIVIDENDS

No dividend was paid or declared by our Company or other entities comprising our Group during the Track Record Period. Currently, we do not have a fixed dividend distribution ratio.

Any future declarations and payments of dividends will be at the absolute discretion of our Directors and will depend on our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors which our Directors consider relevant. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our Shareholders in a general meeting may approve any declaration of dividends recommended by our Board.

## [REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, [REDACTED], and other fees incurred in connection with the [REDACTED]. We estimate that our [REDACTED] expenses, including [REDACTED]

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[REDACTED] for the [REDACTED], will be approximately HK\$[REDACTED] million (including (i) [REDACTED] of approximately HK\$[REDACTED] million, and (ii) non-[REDACTED] related expenses of approximately HK\$[REDACTED] million, which consist of fees and expenses of legal advisors and Reporting Accountant, of approximately HK\$[REDACTED] million and other fees and expenses of approximately HK\$[REDACTED] million), representing approximately [REDACTED]% of the gross [REDACTED] from the [REDACTED], (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range) and no exercise of the [REDACTED]). Among the total [REDACTED] expenses, approximately HK\$[REDACTED] million is directly attributable to the issue of our [REDACTED] to the public and will be deducted from equity, HK\$[REDACTED] million has been expensed during the Track Record Period, and the remaining amount of approximately HK\$[REDACTED] million is expected to be expensed upon the [REDACTED].

## RECENT DEVELOPMENT

Save as otherwise disclosed below, our Directors confirm that, as of the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2022, being the latest date of our consolidated financial statements as set out in Appendix I to this document, and there is no event since December 31, 2022 that would materially affect the information as set out in the Accountant’s Report included in Appendix I to this document.

We closely monitor the adequacy of our cash position in light of our business operations and future expansion. We completed the Series D3 Financing in 2023 and raised more than RMB700 million. See “History, Development and Corporate Structure – Pre-[REDACTED] Investments.” Our total cash balance is sufficient to cover our net cash flows used in operating activities and provide adequate liquidity for our expansion of business operations.

## USE OF [REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] range), we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] million from the [REDACTED] after deducting the [REDACTED] and other estimated expenses in connection with the [REDACTED] and assuming that the [REDACTED] is not exercised. In line with our strategies, we intend to use our [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- Approximately [REDACTED]% or HK\$[REDACTED] million, for enhancing our research and development capabilities, with the detailed breakdown of the [REDACTED] to be allocated as follows:
  - Approximately [REDACTED]% or HK\$[REDACTED] million will be allocated to invest in our Atlas AI infrastructure;
  - Approximately [REDACTED]% or HK\$[REDACTED] million will be allocated to upgrade our UniBrain to further enhance our AI development capabilities; and
  - Approximately [REDACTED]% or HK\$[REDACTED] million will be allocated to cultivate talents and conduct R&D collaboration.

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- Approximately [REDACTED]% or HK\$[REDACTED] million will be allocated to invest in emerging business opportunities and increase adoption and penetration of our products across industry verticals and scenarios, with the detailed breakdown of the [REDACTED] to be allocated as follows:
  - Approximately [REDACTED]% or HK\$[REDACTED] million will be allocated to improve our existing Smart Life and Smart Healthcare solutions; and
  - Approximately [REDACTED]% or HK\$[REDACTED] million will be allocated to explore business opportunities and further penetrate into emerging verticals.
- Approximately [REDACTED]% or HK\$[REDACTED] million will be allocated to international expansion and strategic collaboration, with the detailed breakdown of the [REDACTED] to be allocated as follows:
  - Approximately [REDACTED]% or HK\$[REDACTED] million will be allocated to establish our footprint in the international market; and
  - Approximately [REDACTED]% or HK\$[REDACTED] million will be allocated to pursue strategic collaboration.
- Approximately [REDACTED]% or HK\$[REDACTED] million will be allocated to working capital and general corporate purposes.