SUMMARY

This summary aims to give you an overview of the information contained in this document and is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial information appearing elsewhere in this document. As this is a summary, it does not contain all the information that may be important to you and we urge you to read the entire document carefully before making your investment decision. There are risks associated with any investment. Some of the particular risks in investing in the **[REDACTED]** *are set out in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to invest in the* **[REDACTED]**.

OUR MISSION

Our mission is to narrow the gap between ideas and products.

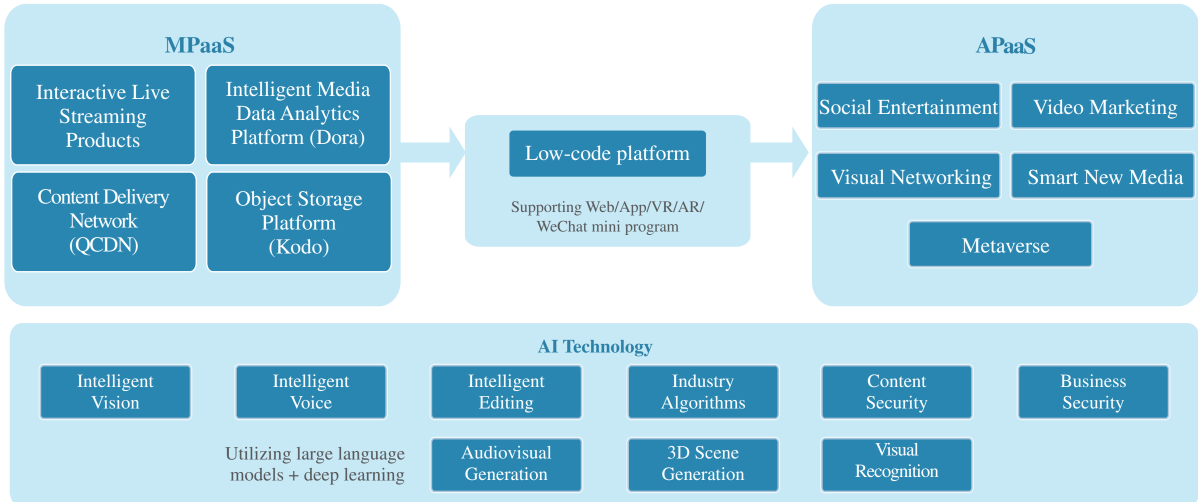
OUR VISION

To be a leading one-stop scenario-based intelligent audiovisual service provider in the world.

OVERVIEW

According to iResearch, we are the third largest audiovisual PaaS provider in China in terms of revenue in 2022, with a market share of 5.7%, only preceded by the audiovisual PaaS business of the two largest Internet companies in China. According to iResearch, we are also the second largest audiovisual APaaS provider in China in terms of revenue generated from APaaS in 2022 with a market share of 11.9%, second only to the audiovisual APaaS business of one of the largest Internet companies in China.

Our major products and services include (1) MPaaS products encompassing a range of audiovisual solutions, including proprietary content delivery network ("**QCDN**"), object storage platform ("**Kodo**"), interactive live streaming products and intelligent media data analytics platform ("**Dora**"), primarily aimed to serve customers with strong development capabilities and high flexibility requirements; and (2) APaaS solutions which are scenario-based audiovisual solutions based on our MPaaS capabilities and leveraging our low-code platform, primarily aimed to enable customers to gain quick access to different functionalities with simple steps of deployment to achieve their business aim. We aim to cultivate user habits in using our products and services and expand our customer base. As of December 31, 2022, we had over 1,350,000 registered users, most of which were developers or developer teams of various companies. In 2022, we had over 80,000 paying customers.



Driven by the expansion of the audiovisual industry, the upgrades of network infrastructures and the iteration of audiovisual technologies, the application of audiovisual cloud service has diversified and deepened across various industries and the audiovisual cloud service market is experiencing rapid growth. According to iResearch, the audiovisual cloud service market size in China reached RMB81.3 billion in 2022 and is expected to grow at a CAGR of 24.4%, reaching RMB241.8 billion by 2027. The increasing and rapidly changing user demand for audiovisual content and services requires more integrated and scalable cloud service.

As a pioneer in the audiovisual cloud service market in China, we are one of the few companies that have developed comprehensive and high-performance MPaaS products and possessed technology capabilities that are integrated and cover various aspects of the audiovisual business. Our MPaaS products leverage a range of audiovisual technologies, including RTC, VoD, live streaming, storage and content delivery, as well as a range of AI technologies, including intelligent vision, intelligent voice, intelligent editing, industry algorithms, content security and business security. Through our proprietary technologies, we have achieved extensive network coverage, comprehensive node monitoring and real-time intelligent allocation, providing our customers with high-quality and low-latency cloud services. Our MPaaS business was our largest revenue contributor during the Track Record Period. In 2022, our MPaaS platform provided an average of over 1.4 billion minutes of audiovisual playback and processed over 11.8 million minutes of audiovisual content per day. As of December 31, 2022, our MPaaS platform had a data storage scale at EB level.

Leveraging our MPaaS technologies, we further developed a proprietary low-code platform which achieved vertical integration from the underlying technology to high-level scenario applications, reducing the difficulty in the use and access to audiovisual products. Our low-code platform consolidates different scenario-based functionalities to provide APaaS solutions. Our APaaS solutions allow for quick deployment and easy extension, which significantly improves our customers' agility for scenario-based innovation and addresses the challenges posed by strong personalization of audiovisual content, multiple scenarios, and timeliness requirements. According to iResearch, the audiovisual APaaS market in China started to commercialize in scale in 2021 and has been experiencing rapid growth. After we decided to officially launch our APaaS business in line with industry development and market demand in 2021, the number of our APaaS customers increased by 49.1% from 1,319 in 2021 to 1,967 in 2022. After merely one year of ramp-up, we ranked second in the audiovisual APaaS market in China in terms of revenue in 2022 with a market share of 11.9%, according to iResearch. APaaS provides platform-based services based on application scenarios by packaging corresponding tools and functions, APaaS is able to penetrate both MPaaS and SaaS markets. According to iResearch, the audiovisual APaaS market size in China was RMB1.6 billion in 2022, with a penetration rate of 4.9% in the audiovisual PaaS and SaaS markets. The audiovisual APaaS market size is expected to reach RMB16.2 billion in 2027, with a CAGR of 58.3%. In 2027, the penetration rate of APaaS in the audiovisual PaaS and SaaS markets is expected to reach 13.4%.

We have accumulated years of experience in the field of AI, possessing strong technical capabilities and are committed to keeping up with and applying advancements in AI technology. According to iResearch, we are one of the few audiovisual PaaS providers possessing comprehensive AI capabilities and are one of the first audiovisual PaaS providers that have capabilities for applying the development components of large language models to audiovisual cloud services. We offer a range of AI service capabilities, including intelligent vision, intelligent voice, intelligent editing, industry algorithms, content security, business security, among others. For example, we use intelligent vision algorithms for face recognition in our visual networking scenario, intelligent voice technology in Dora, intelligent editing in our smart new media scenario, and content security and business security technology in our various products and solutions including interactive live streaming products, QCDN and social entertainment scenario of APaaS. We also use industry algorithms in various scenarios of APaaS. In addition, we promote the use and application of AI technology through technology sharing, enterprise training and cultivation of developer communities. We maintain close cooperation with industry partners and actively contribute to the research and innovation of AI technology.

By combining scenario related knowledge with audiovisual technology, AI technology and our low-code platform, we have developed APaaS solutions that cover a range of audiovisual scenarios. We aim to continuously expand the coverage of scenarios by serving representative companies in different industries, develop new scenario-based audiovisual solutions, and quickly replicate and expand the solutions to serve other potential customers, thereby achieving scalability. Our APaaS solutions have been applied to a variety of scenarios, creating a "1+N" commercial layout of one platform and multiple scenarios. At present, we are strategically focusing on five major scenarios, namely social entertainment, video marketing, visual networking, smart new media and metaverse. With just over a year in developing APaaS business, we have already achieved sizeable revenue from social entertainment and video marketing, which demonstrates our strong commercialization capabilities.

According to iResearch, since 2022, there has been a continuous development in the computational power, pre-training models and multimodal technology, the audiovisual market will enter 4.0 era. As an auxiliary tool, AIGC is expected to enhance efficiency, quality, creativity and diversity of content production and audiovisual cloud service, thereby further promoting the development of the audiovisual industry. We stay abreast of the latest industry trends of AIGC and have explored and developed relevant service capabilities. We provide algorithms in audiovisual generation, visual recognition, 3D scene generation, and other areas by using large language models such as ERNIE Bot and ChatGPT. Using audiovisual generation technology, we have completed the creation of scenario-based audiovisual content and improved content production efficiency. In addition, with visual recognition technology, we have mastered the ability to create materials through wireframes. We utilize the large language models to accurately generate 3D scenarios based on keywords and feature descriptions, among others. With further iteration in AIGC capabilities, we will be able to support more content generation related scenarios, improve content efficiency and reduce content production costs.

OUR CUSTOMERS AND SUPPLIERS

We have a broad base of customers across various industries including, among others, pan-entertainment, social networking, healthcare, e-commerce, education, media, financial services, automotive, telecommunications and intelligent manufacturing. Our revenue generated from our largest customer for the three years ended December 31, 2022 accounted for 10.5%, 11.3% and 8.1%, respectively, of our revenue during the period. Our revenue generated from our five largest customers for the three years ended December 31, 2022 accounted for 30.3%, 22.7% and 25.5%, respectively, of our revenue during the period. During the Track Record Period, save for Customer-Supplier Group D, being an associate of Taobao China (our substantial shareholder), all of our other five largest customers were Independent Third Parties. Save for Taobao China, none of our Directors, their close associates or any of our shareholders (who, to the knowledge of the Directors, own more than 5% of our issued share capital) had any interest in any of our five largest customers during the Track Record Period and as of the Latest Practicable Date. For our sales and marketing strategies and our pricing models, please refer to the section headed "Business — Sales and Marketing" in this document.

Our suppliers primarily consist of enterprises in the cloud technology industry that provide (i) network and bandwidth services, (ii) IDC services and (iii) server and storage services. Our transaction amounts with our largest supplier accounted for 48.8%, 36.1% and 16.3%, respectively, of our total purchase during those periods. Our transaction amounts with our five largest suppliers for the three years ended December 31, 2022 accounted for 75.6%, 63.5% and 52.4%, respectively, of our total purchase. During the Track Record Period, save for Customer-Supplier Group D, being an associate of Taobao China (our substantial shareholder), all of our other five largest suppliers were Independent Third Parties. Save for Taobao China, none of our Directors, their close associates or any of our shareholders (who, to the knowledge of the Directors own more than 5% of our issued share capital) had any interest in any of our five largest suppliers during the Track Record Period and as of the Latest Practicable Date.

OUR COMPETITIVE STRENGTHS AND DEVELOPMENT STRATEGIES

We believe that the following competitive advantages have contributed to our success and will drive our future growth: (i) China's third largest audiovisual PaaS provider and second largest audiovisual APaaS provider; (ii) one-stop scenario-based audiovisual solutions with comprehensive capabilities and strong scalability; (iii) diverse application scenarios support our commercial potential; (iv) strong integrated audiovisual technology and low-code platform development capabilities; and (v) experienced and insightful management team and innovative R&D team.

We plan to implement the following strategies to further develop our business: (i) develop and expand our customer base by continuing to penetrate and deepen our presence in major scenarios; (ii) accelerate overseas business expansion to create new business growth points; (iii) continuously strengthen R&D investment, build AIGC capabilities and iterate and improve our low-code platform; and (iv) seek strategic investments and acquisitions.

COMPETITION

The market competition of the audiovisual cloud industry is intense. We face competition in every major aspect of our business. We compete with other audiovisual cloud service providers in the PRC mainly on product functionality and scope, performance, service scalability and reliability, technical strengths, marketing and sales capabilities, user experience, pricing, brand awareness and reputation. In addition, emerging and enhanced technologies are likely to further intensify competition of our industry. In terms of revenue in 2022, we are the third largest audiovisual PaaS provider and the second largest audiovisual APaaS provider in the PRC, with a market share of 5.7% and 11.9%, respectively. For details, see the paragraphs headed "Industry Overview — Competitive Landscape" and "Business — Competition" in this document.

CONTRACTUAL ARRANGEMENTS

Our provision of cloud services including clouding computing, storage and delivery are subject to foreign investment prohibition under the relevant PRC laws and regulations. It was not viable for us to hold the Consolidated Affiliated Entities directly or indirectly through equity ownership. Instead, we decided that, in line with common practice in industries in the PRC subject to foreign investment prohibition, we would hold the interest and gain effective control over the Consolidated Affiliated Entities through Shanghai Kongshan under the Contractual Arrangements. Pursuant to the Contractual Arrangements, Shanghai Kongshan has acquired effective control over the financial and operational policies of the Consolidated Affiliated Entities and has become entitled to all the economic benefits derived from each of the Consolidated Affiliated Entities' operations. For details, please refer to "Contractual Arrangements" in this document.

[REDACTED] INVESTMENTS

From 2012 to 2020, we have completed several rounds of **[REDACTED]** Investments, for which our Company issued series A preferred shares, series B preferred shares, series C-1 preferred shares, series C-2 preferred shares, series D preferred shares, series E-1 preferred shares, series E-2 preferred shares, series F preferred shares and series F-1 preferred shares of our Company to the relevant **[REDACTED]** Investors. Our **[REDACTED]** Investors comprise Matrix LPs, Qiming Funds, CBC, FG Venture, Golden Valley, Harvest Yuanxiang, Shanghai ZJ, Shanghai ZJ Venture, Telstra Ventures, Taobao China, Magic Logistics, Shanghai Shentai, BOCOM Asset Management, BOCOM Fund, Jumbo Sheen and EverestLu. For details, please refer to "History, Development and Corporate Structure — **[REDACTED]** Investments" in this document.

OUR SUBSTANTIAL SHAREHOLDERS

As of the Latest Practicable Date, Mr. Xu controlled approximately 17.9576% of our total issued share capital through Dream Galaxy and Taobao China held approximately 17.6881% of our total issued share capital and as such our Company has no controlling shareholder under the Listing Rules. It is expected Dream Galaxy and Taobao China will hold approximate **[REDACTED]**% and **[REDACTED]**% shareholding interests in our Company immediately after the **[REDACTED]**. Therefore, Dream Galaxy will be our largest shareholder immediately after the **[REDACTED]**. For details, please refer to "Substantial Shareholders" in this document.

CONTINUING CONNECTED TRANSACTIONS

During the Track Record Period, we have provided PaaS (including APaaS and MPaaS) solution services to Alibaba Cloud Computing Co., Ltd. ("**Alibaba Cloud Computing**") and have also purchased cloud services and electronic equipments from Alibaba Cloud Computing. Since Alibaba Cloud Computing is an associate of Taobao China, our substantial shareholder, the transactions between our Group and Alibaba Cloud Computing will constitute continuing connected transactions of our Company after the **[REDACTED]**. We entered into a framework agreement with Alibaba Cloud Computing on June 15, 2023 to govern our sales to and purchases from Alibaba Cloud Computing taking effect upon the **[REDACTED]**. The initial term of such framework agreement will commence on the **[REDACTED]** and expire on December 31, 2025.

Further, in order to conduct the Relevant Business in compliance with applicable PRC laws and regulations, Shanghai Kongshan, our wholly-owned subsidiary, has entered into the Contractual Arrangements with Qiniu Information and Beijing Kongshan and the Registered Shareholders. Given that the Registered Shareholders, namely Mr. Xu and Mr. Lyu, are connected persons of our Company, the transactions contemplated under the Contractual Arrangements will constitute continuing connected transactions of our Company after the **[REDACTED]**.

For details, please refer to "Continuing Connected Transactions" in this document.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The table below includes, for the periods indicated, selected financial data derived from our consolidated statements of profit or loss and consolidated statements of financial position, the details of which are set forth in the Accountants' Report in Appendix I to this document, and these should be read in conjunction with the historical financial information in the Accountants' Report in Appendix I to this document, including the related notes.

Summary Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of profit or loss, with line items in absolute amounts and as percentages of our revenue for the periods indicated:

	Year ended December 31,					
	2020		2021		2022	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
Revenue	1,089,214	100.0	1,471,010	100.0	1,147,290	100.0
Cost of sales	(852,492)	(78.3)	(1,179,834)	(80.2)	(918,649)	(80.1)
Gross profit	**236,722**	**21.7**	**291,176**	**19.8**	**228,641**	**19.9**
Other income and gains	23,645	2.2	17,716	1.2	19,543	1.7
Selling and marketing expenses	(105,763)	(9.7)	(193,016)	(13.1)	(147,521)	(12.9)
Administrative expenses	(75,754)	(7.0)	(119,528)	(8.1)	(111,175)	(9.7)
Research and development costs	(96,048)	(8.8)	(143,357)	(9.7)	(128,727)	(11.2)
Fair value gains on financial assets at fair value through profit or loss, net	4,154	0.4	37,238	2.5	30,912	2.7
Fair value gains/(losses) on convertible redeemable preferred shares	129,544	11.9	(96,467)	(6.6)	(83,810)	(7.3)
Impairment losses on financial assets	(38)	(0.0)	(4,763)	(0.3)	(8,233)	(0.7)
Other expenses	(601)	(0.1)	(2,659)	(0.2)	(3,636)	(0.2)
Finance costs	(16,531)	(1.5)	(6,046)	(0.4)	(8,746)	(0.8)
Share of profits of associates	76	0.0	–	–	–	–
Profit/(loss) before tax	99,406	9.1	(219,706)	(14.9)	(212,752)	(18.5)
Profit/(loss) for the year	99,406	9.1	(219,706)	(14.9)	(212,752)	(18.5)

NON-IFRS MEASURE: ADJUSTED NET LOSS

To supplement our consolidated financial statements presented in accordance with IFRS, we also use non-IFRS measure, namely adjusted net loss, as an additional financial measure, which is not required by or presented in accordance with IFRS. We believe that such non-IFRS measure facilitates comparisons of operating performance from period to period by eliminating potential impacts of certain items. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as it helps our management. However, our presentation of adjusted net loss may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial conditions as reported under IFRS. Our presentation of non-IFRS measure should not be construed as an implication that our future results will be unaffected by unusual items.

We define adjusted net loss as profit/(loss) for the year excluding the effects of fair value changes on convertible redeemable preferred shares, net fair value gains on financial assets at fair value through profit or loss and share-based payments (the "**Adjusted Items**"). Fair value changes on convertible redeemable preferred shares represent changes in the fair value of the convertible redeemable preferred shares issued by us to **[REDACTED]** Investors. The convertible redeemable preferred shares will be automatically converted into ordinary shares upon completion of the **[REDACTED]** and we do not expect to recognize any further fair value changes on convertible redeemable preferred shares after the **[REDACTED]**. Net fair value gains on financial assets at fair value through profit or loss relate to fair value changes of our investments in unlisted entities. The Adjusted Items are non-cash in nature and are not indicative of our core operating results. The following table sets forth the reconciliation of net profit or loss to adjusted net loss for the years indicated:

	Year ended December 31,		
	2020	**2021**	**2022**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Reconciliation of net profit/(loss) for the year to adjusted net loss:			
Profit/(loss) for the year	99,406	(219,706)	(212,752)
Adjusted for:			
Fair value (gains)/losses on convertible redeemable preferred shares	(129,544)	96,467	83,810
Fair value gains on financial assets at fair value through profit or loss, net	(4,154)	(37,238)	(30,912)
Share-based payments	14,028	17,539	10,283
Non-IFRS measure:			
Adjusted net loss (unaudited)	**(20,264)**	**(142,938)**	**(149,571)**

Summary Consolidated Statements of Financial Position

The following table sets forth selected information from our consolidated statement of financial position as of the dates indicated:

	As of December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets	242,590	396,277	350,792
Current assets	750,521	688,776	553,290
Current liabilities	3,059,894	3,290,190	3,569,959
Net current liabilities	2,309,373	2,601,414	3,016,669
Non-current liabilities	25,356	33,216	10,301
Net liabilities	2,092,139	2,238,353	2,676,178

Our convertible redeemable preferred shares will be re-designated from liabilities to equity as a result of the automatic conversion into ordinary shares upon the **[REDACTED]**, after which we do not expect to recognize any further loss or gain on fair value changes from convertible redeemable preferred shares and we will return to a net assets position from a net liabilities position. For further details of the convertible redeemable preferred shares, see Note 27 to the Accountants' Report in Appendix I to this document.

BUSINESS SUSTAINABILITY AND PATH TO PROFITABILITY

We recorded accumulated losses of RMB2,223.4 million, RMB2,443.1 million and RMB2,655.9 million as of December 31, 2020, 2021 and 2022, respectively. Our accumulated losses as of these dates were attributable primarily to our losses incurred in the past. As a result of the accumulated losses and the accounting treatment of recording the convertible redeemable preferred shares as liabilities, we were in a negative equity and net liabilities position during the Track Record Period. Considering our sufficient working capital, we have not sought new equity financings since our series F-1 financing in 2020. We expect to achieve a positive equity position and return to a net assets position upon completion of the **[REDACTED]**, upon which the convertible redeemable preferred shares will be redesignated from financial liabilities to equity.

We recorded adjusted net loss (non-IFRS measure) during the Track Record Period. Our adjusted net loss amounted to RMB20.3 million, RMB142.9 million and RMB149.6 million in 2020, 2021 and 2022, respectively. During the Track Record Period, we focused on developing our audiovisual MPaaS and APaaS business, particularly the more profitable APaaS business after we officially launched our APaaS business in 2021. According to iResearch, the audiovisual APaaS market in China started to commercialize in scale in 2021 and has been experiencing rapid growth. According to iResearch, the audiovisual APaaS market size in China was RMB1.6 billion in 2022 and is expected to reach RMB16.2 billion in 2027, with a CAGR of 58.3%. After merely one year of ramp-up, we ranked second in the audiovisual APaaS market in China in terms of revenue in 2022 according to iResearch. As the audiovisual cloud service market, particularly audiovisual APaaS market, is at its early development stage in China and experiencing fast growth, we strategically prioritized expansion and market share growth instead of short-term profitability to capture the market opportunities in the rising market. According to iResearch, we are the third largest audiovisual PaaS provider in China in terms of revenue in 2022, with a market share of 5.7%, only preceded by the audiovisual PaaS business of the two largest Internet companies in China. According to iResearch, we are also the second largest audiovisual APaaS provider in China in terms of revenue generated from APaaS in 2022 with a market share of 11.9%, second only to the audiovisual APaaS business of one of the largest Internet companies in China.

As we gradually achieved substantial market share and leading position in the audiovisual PaaS industry through years of development, going forward, we intend to focus on achieving profitability. We expect that our adjusted net loss will gradually decrease in 2023 and 2024 and we expect to achieve profitability in 2025. Specifically, we plan to further enhance our financial performance by: (i) focusing on our APaaS business and deepening user engagement, (ii) effectively managing costs and expenses, and (iii) expanding our customer base.

Focusing on Our APaaS Business and Deepening User Engagement

After we officially launched APaaS business in September 2021, we strategically focused on the operations of our APaaS business. We intend to further penetrate and deepen our presence in the various application scenarios of our APaaS business to capture the opportunities in the fast growing audiovisual APaaS market. Our APaaS business has higher gross margin as we provide one-stop scenario-based solutions using our low-code platform to provide packaged services. In addition, as the audiovisual APaaS market is a new industry segment and there are relatively few market participants compared to MPaaS market, we, as a market leader, benefit from strong negotiation power. We plan to further expand our APaaS business by upgrading and iterating our low-code platform and providing more value-added services to our existing customers. We also plan to continue to convert our MPaaS customers that have scenario needs to use our APaaS solutions.

Effectively Managing Costs and Expenses

During the Track Record Period, we incurred substantial operating expenses, including selling and marketing expenses, administrative expenses and research and development costs, to scale up our business, develop new solutions and enhance our brand recognition. Notwithstanding that 2022 was a difficult year and we recorded decrease in revenue, we managed to maintain our adjusted net loss at similar level as 2021 through our cost control efforts. In 2022, we downsized both our sales team and administrative team in an effort to control costs. We intend to optimize our operating expenses by achieving economies of scale and improving sales efficiency and effectiveness. Going forward, we intend to efficiently manage costs and expenses as a percentage of total revenue and further benefit from operating leverage. Specifically, with respect to selling and marketing expenses, we expect to continue to benefit increasingly from the effect of our enhanced brand awareness. We also intend to optimize our administrative expenses by enhancing our standard of management, streamlining our internal workflows, and leveraging technology to drive convenience, cost-efficiency and productivity. We may also outsource some of our marketing activities and explore other forms of marketing channels to further improve our operation efficiency.

Expanding Our Customer Base

We successfully expanded our customer base during the Track Record Period. The number of paying customers of our MPaaS increased from 61,502 in 2020 to 68,808 in 2021, and further increased to 83,970 in 2022. The number of paying customers of our APaaS increased from 1,319 in 2021 to 1,967 in 2022. We intend to continue to expand our customer base to drive revenue growth and achieve long-term profitability. With our market leadership position, we believe we are well-positioned to capture the strong market growth and to optimize our products and expand and acquire more customers. We aim to cultivate user habits in using our products and services and expand our customer base. As of December 31, 2022, we had over 1,350,000 registered users. We intend to attract more users and convert them or the companies they represent into paying customers. We expect our expanded customer base will lead to increasing economies of scale, which in turn helps improve our overall profitability.

Taking into account (i) the positive outlook and market opportunities of China's audiovisual MPaaS and APaaS market in which we operate, (ii) our proven historical business growth and expansion of our costomer base, and (iii) our efforts to manage costs and improve operational efficiency, our Directors believe that our financial performance will gradually improve and we have a sustainable business.

KEY FINANCIAL RATIOS

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

	For the year ended December 31,		
	2020	2021	2022
	%	%	%
Gross margin	21.7	19.8	19.9
Adjusted net loss margin (non-IFRS measure)	(1.9)	(9.7)	(13.0)

RISK FACTORS

A summary of certain key risk factors we face include: (i) the market in which we participate is competitive, and if we do not compete effectively, our business, operating results and financial condition could be harmed; (ii) we have experienced fluctuations in our revenue and if we fail to effectively develop our business, our business, results of operations and financial condition could be adversely affected; (iii) we have recorded net losses, net current liabilities and net operating cash outflow during the Track Record Period; (iv) security breaches and attacks against our systems and network, and any failure to otherwise protect personal, confidential and proprietary information, could damage our reputation and negatively impact our business, as well as materially and adversely affect our financial condition and results of operations; (v) if we fail to maintain and enhance the functions, performance, reliability, design, security, and scalability of our products and services to meet our customers' evolving needs, we may lose our customers.

If any of the above key risk factors materialises, there may be a material and adverse effect on our business, financial condition, results of operations and prospects. You should read the entire section headed "Risk Factors" in this document before you decide to invest in the **[REDACTED]**.

LEGAL PROCEEDINGS AND 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 administrative penalties, bankruptcy or receivership proceedings), which we believe would have a material adverse effect on our business, results of operations or financial condition. As of the Latest Practicable Date, we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or any of our Directors, which we believe would have a material adverse effect on our business, results of operations or financial condition.

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

RECENT DEVELOPMENTS

Recent Regulatory Developments

Overseas Listing Regulations

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Trial Measures**") and relevant five guidelines, which took effect on March 31, 2023. According to the Trial Measures, PRC domestic companies that seek to offer and list securities overseas, directly or indirectly, should fulfill the filing procedure and report relevant information to the CSRC. The Trial Measures provides that if the issuer meets both of the following criteria, the overseas securities offering and listing conducted by such issuer will be deemed as indirect overseas offering by PRC domestic companies: (i) 50% or more of the issuer's operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year is accounted for by PRC domestic companies; and (ii) the main parts of the issuer's business activities are conducted in mainland China, or its main places of operations are located in mainland China, or the senior managers in charge of its operation and management are mostly Chinese citizens or domiciled in the PRC. Where an issuer submits an application for initial public offering to competent overseas regulators, such issuer must file with the CSRC within three working days after such application is submitted. Given that we meet both of the conditions stated above, we are required to go through the filing procedures with the CSRC with respect to the offering and listing after the submission of our **[REDACTED]** application to the Stock Exchange.

For details, see "Regulatory Overview — Regulations Relating to Overseas Listing."

No Material Adverse Change

Our Directors have confirmed that, up to 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 end date of our latest audited financial statements, and there has been no event since December 31, 2022 that would materially affect the information shown in the Accountants' Report set out in Appendix I.

DIVIDENDS

The declaration, amount and payment of dividends are subject to the discretion of our Directors and depend on our financial condition, earnings and capital requirements as well as contractual and legal restrictions and our ability to receive dividend payments from our subsidiaries in addition to other factors. Declaration and payment of dividends are also subject to any applicable laws and the Articles of Association. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared by our Board or paid in the future. Currently, our Group does not have a fixed dividend policy and does not have a predetermined dividend distribution ratio. During the Track Record Period, we did not declare or pay any dividend.

[REDACTED] STATISTICS[1]

	Based on the minimum indicative [REDACTED] of HK$[REDACTED] per [REDACTED]	Based on the maximum indicative [REDACTED] of HK$[REDACTED] per [REDACTED]

[REDACTED]

Notes:

(1) All statistics in this table does not take into account any Shares which may be allotted and issued pursuant to the exercise of **[REDACTED]**, or any Shares which may be issued pursuant to the exercise of options which may be granted under the **[REDACTED]** Share Plan and **[REDACTED]** Share Option Scheme, or any Shares which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described in the section headed "Share Capital" in this document.

(2) The calculation of market capitalization is based on **[REDACTED]** Shares expected to be in issue immediately after completion of the **[REDACTED]** and the **[REDACTED]**.

(3) The **[REDACTED]** adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share is calculated after making the adjustments referred to in the paragraph headed "Unaudited **[REDACTED]** Financial Information — A. Unaudited **[REDACTED]** Statement of Adjusted Consolidated Net Tangible Assets" in Appendix II to this document and based on the **[REDACTED]** Shares expected to be in issue immediately after completion of the **[REDACTED]** and the **[REDACTED]**.

USE OF [REDACTED]

Using the **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, being the mid-point of the **[REDACTED]** range of HK$**[REDACTED]** to HK$**[REDACTED]** per **[REDACTED]**, we estimate that we will receive **[REDACTED]** from the **[REDACTED]** of HK$**[REDACTED]** million (equivalent to approximately RMB**[REDACTED]** million), assuming that there is no exercise of the **[REDACTED]**. In the event that the **[REDACTED]** is exercised in full, we estimate that we will receive **[REDACTED]** of HK$**[REDACTED]** million (equivalent to approximately RMB**[REDACTED]** million). We intend to use the **[REDACTED]** for the following purposes: (i) approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]** million, is expected to be used for penetrating and deepening our presence in the application scenarios of our APaaS business and developing and expanding our customer base; (ii) approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]** million, is expected to be used for expanding our overseas business; (iii) approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]** million, is expected to be used for enhancing our research and development capabilities and improving our technology infrastructure; (iv) approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]** million, is expected to be used for selected mergers, acquisitions, and strategic investments; and (v) approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]** million, is expected to be used for working capital and general corporate purposes. For further information, please refer to the section headed "Future Plans and Use of **[REDACTED]**" in this document.

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We are applying for the **[REDACTED]** under Rule 8.05(3) of the Listing Rules and satisfy the market capitalization/revenue test, among other things, with reference to (i) our revenue for the year ended December 31, 2022, being RMB1,147.3 million, which is over HK$500 million as required by Rule 8.05(3) of the Listing Rules; and (ii) our expected **[REDACTED]** at the time of the **[REDACTED]**, which, based on the low end of the **[REDACTED]**, exceeds HK$4 billion as required by Rule 8.05(3) of the Listing Rules.

[REDACTED] EXPENSES

The total **[REDACTED]** expenses borne or to be borne by us are estimated to be approximately RMB**[REDACTED]** million (equivalent to approximately HK$**[REDACTED]** million) (comprising (i) **[REDACTED]** of approximately RMB**[REDACTED]** million, and (ii) non-**[REDACTED]** related expenses of approximately RMB**[REDACTED]** million, which consist of fees and expenses of legal advisors and reporting accountants of approximately RMB**[REDACTED]** million and other fees and expenses of approximately RMB**[REDACTED]** million), accounting for approximately **[REDACTED]**% of the **[REDACTED]** of the **[REDACTED]**, assuming an **[REDACTED]** of HK$**[REDACTED]** per Share, which is the mid-point of the **[REDACTED]** range stated in this document and assuming that the **[REDACTED]** is not exercised. We expect that approximately RMB**[REDACTED]** million (equivalent to approximately HK$**[REDACTED]** million) will be charged to our statements of profit or loss and other comprehensive income as **[REDACTED]** expenses, and approximately RMB**[REDACTED]** million (equivalent to approximately HK$**[REDACTED]** million) will be accounted for as a deduction from equity upon the **[REDACTED]**. The **[REDACTED]** expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. Our Directors do not expect such **[REDACTED]** expenses to have a material adverse impact on our results of operation for the year ending December 31, 2023.