

BUY (INIT) | \$33.08 PT

May 21 2025

## Alpha Technology (ATGL.US)

### Pioneering Hong Kong's AI Renaissance Through Academic-Industry Innovation

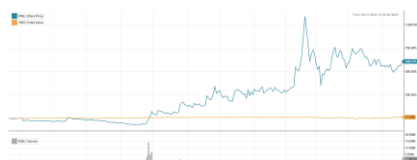
SPX	5940.46
IXIC	19142.71
NDX	21367.37
12m PT(\$)	33.08
Upside(%)	18.5%

#### Key Data

Price(\$)	27.914
52Week High/Low(\$)	57.32/1.15
Market Cap(MM)	459.5
Free Float(MM)	74.67

#### Price Performance

% Chg	1m	3m	12m
Absolut	-1.78	-8.48	613.91
Relative	-14.23	-5.39	611.89



Source: Capital IQ, uSMART Global Research

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#### Summary

□ **Alpha Technology (ATGL) represents a distinctive play on Asia's enterprise AI transformation through its proprietary development platform and strategic HKUST partnership.** The company's privileged position within Hong Kong's institutional framework, combined with validated technical capabilities, establishes formidable barriers in a rapidly evolving market.

□ **ATGL stands as Hong Kong's first US-listed AI company, strategically positioned at the intersection of enterprise AI development and academic innovation.** Through its groundbreaking Alpha Engine platform and HKUST partnership, ATGL has established a differentiated position in Asia's enterprise AI market, leveraging academic research capabilities while maintaining enterprise-grade performance.

□ **Breakthrough Platform Architecture Redefining Enterprise AI Economics:** ATGL's innovative "Training AI with AI" architecture achieves a step-change in development efficiency, compressing cycles from 6-9 months to 3 hours while maintaining enterprise-grade performance. The company's meticulously designed three-tier product strategy has demonstrated powerful customer economics (85% retention, 140% net revenue retention), anchored by industry-leading AI-OCR accuracy (99.9%) and seamless workflow integration that drives systematic enterprise expansion.

□ **Institutional Advantage Creating Sustainable Moats:** Premier client portfolio spanning Hong Kong blue-chips (Sun Hung Kai, Henderson Land), global leaders (Panasonic, HPE), and government institutions validates privileged market access. Strategic HKUST partnership enhances R&D capabilities while creating unique barriers through academic-industry knowledge transfer.

□ **ATGL, a pioneering enterprise AI development platform backed by HKUST partnership, is uniquely positioned to capture the accelerating enterprise AI adoption wave across Asia.** Through its innovative Alpha Engine platform, ATGL dramatically reduces AI development cycles from 6-9 months to 3 hours, addressing a critical bottleneck in enterprise digital transformation. Despite its early-stage market position, the company's academic-industry collaboration model and established Asian presence provide compelling competitive advantages. We initiate coverage with a Buy rating and \$33.08PT (27E P/S=12.9x, EV/EBITDA=58x), supported by four key factors:

- ① unique positioning at the intersection of enterprise AI efficiency and academic innovation through HKUST partnership;
- ② scalable revenue model with strong pricing power, driving target ARPU of cir. \$20,000 through flexible deployment options;
- ③ vast market opportunity targeting 10% of Asia's cir. 100M enterprises, with potential revenue of cir. \$200B at maturity;
- ④ attractive unit economics with targeted 50% net margins enabled by proprietary technology and capital-light platform model.

**With ATGL's differentiated approach to reducing development barriers and its privileged positioning within Hong Kong's institutional ecosystem** - evidenced by its blue-chip client portfolio spanning government authorities, leading conglomerates, and strategic institutions - we see compelling upside potential as the company leverages these unique advantages to accelerate enterprise AI adoption across Asia.

□ **Risk Factors:** 1) intensifying competition from established AI platforms; 2) potential scrutiny of development acceleration claims at scale; 3) slower-than-expected enterprise adoption in Asia; 4) early-stage commercialization pressures.

#### uSMART Forecast

uSMART Forecast	2022	2023	2024E	2025E	2026E	2027E
Revenue (USD 000)	565.0	1,110.0	1,581.0	4,901.1	13,968.1	39,110.8
EBITDA (USD 000)	(346.0)	(558.0)	(660.0)	707.8	2,558.6	8,378.2
EPS (Rmb)	(17.03)	(0.07)	(0.05)	0.04	0.15	0.48
P/E (X)	NA	NA	NA	753.3	227.1	68.6
P/B (X)	NA	46.2	24.5	58.6	36.7	19.1
P/S (X)	28.7	2.1	2.0	103.0	36.1	12.9
N debt/EBITDA (ex lease,X)	0.4	(0.1)	7.5	(7.0)	(3.7)	(2.4)

Source: Company data, uSMART estimate

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# 1. Alpha Technology: Leading Hong Kong's Digital Transformation with Proprietary AI Solutions

## 1.1 First-Mover at the Forefront of Asia's Enterprise AI

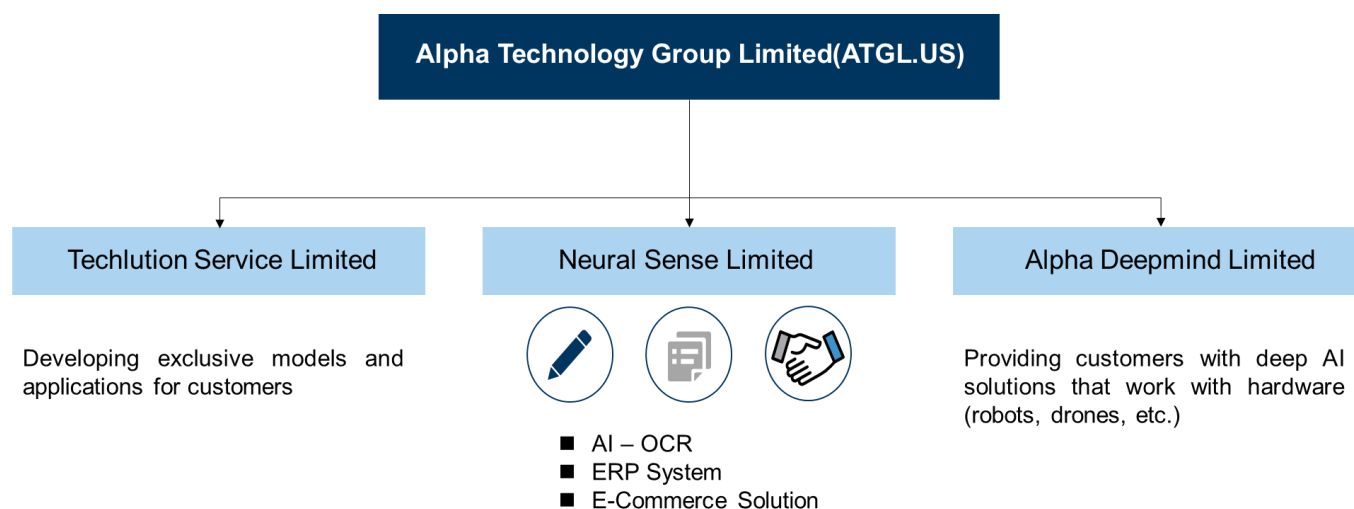
**Alpha Technology (NASDAQ: ATGL), established in 2017, has emerged as a pioneering force in enterprise AI solution deployment across Asia**, with extensive experience in deploying and customizing Large Language Models (LLM) applications for enterprise use. The company marked a significant milestone with its Nasdaq listing on October 31, 2023, as the first Hong Kong-headquartered AI company listed in the United States. In an Asian enterprise software market characterized by divergent AI adoption patterns - from intense competition in mainland China's LLM space to emerging demand in Hong Kong and Southeast Asia - ATGL positions itself as the "NVIDIA of AI applications" in the enterprise sector, aiming to revolutionize how Asian businesses leverage AI technology through customized solutions.

**The company's proven commercial success sets it apart in a market where sustainable monetization remains a key challenge.** Since 2017, ATGL has been deeply engaged in implementing LLM applications for multiple government departments and leading enterprises, providing them with tailored AI solutions that integrate with their existing business processes. In a market where many AI companies struggle with sustainable monetization and high customer acquisition costs, ATGL has maintained its growth through a focused strategy of implementing proven AI solutions in high-value enterprise use cases. This strategic approach enables the company to address the growing enterprise demand for practical AI solutions while maintaining sustainable economics and clear monetization paths.

**The company operates through a strategically aligned three-subsidary structure, each targeting distinct market segments while maintaining strong technological synergies.** Techlution Service Limited, the group's foundational arm, specializes in developing customized enterprise applications and implementing AI solutions, with a proven track record of delivering measurable business value. Neural Sense Limited serves as the innovation hub, offering three flagship products that address critical business needs: Neural Sense for AI-powered OCR solutions, achieving industry-leading accuracy rates particularly for Asian languages and documents; Sircle for comprehensive ERP systems integration; and Handshake for E-commerce solutions. This product portfolio demonstrates ATGL's focus on practical applications where AI can drive immediate efficiency gains and clear ROI. The establishment of Alpha Deepmind Limited represents ATGL's forward-looking

strategy, focusing on hardware-integrated AI solutions for robotics and drone applications, expanding its value proposition beyond software integration.

### Exhibit 1: ATGL's Strategic Business Structure: Three Complementary Subsidiaries



Source: Company Website, uSMART Global Research

The company's solutions portfolio centers on three key areas:

**Enterprise Systems Development:** Delivers cloud-based customized CRM and ERP systems that enable clients to streamline operations, from customer analytics to supply chain management. The systems feature advanced integration capabilities with existing business infrastructure, providing comprehensive operational visibility and control.

**AI-OCR Technology:** Through Neural Sense's proprietary AI-OCR solution, ATGL offers industry-leading document processing capabilities. The technology demonstrates particular strength in complex document handling, achieving significant efficiency improvements in sectors like carpark management, financial services, and government administration.

**Emerging Technology Services:** Beyond core offerings, the company has strategically expanded into NFT-related services and is actively developing AI solutions for hardware integration, positioning itself for future growth opportunities in the digital economy.

## 1.2 Strong Management Track Record: Capital Markets Expertise Meets AI Execution

**ATGL's management brings extensive capital markets and technical execution capabilities to ATGL's AI initiatives.** Executive Director and President Anthony Tsang leverages 15+ years of investment experience across fund management (Emperor Greater China Investment Fund, Orient Investment Fund) and listed company operations. His board experience includes executive roles at Daohe Global (HK:915), Carry Wealth (HK:643), and TOMO Holdings (HK:6928). In addition, he served as an advisor for Alibaba (US:BABA, HK:9988) and has rich experience in technology industry investments and mergers & acquisitions from his work in both funds and public companies, providing strategic oversight of public company operations and capital market activities.

**CFO Tan Yee Choi complements with 15+ years of corporate finance expertise.** Currently a Type 1/6 SFC licensed responsible officer at Rainbow Capital, previously director at China Tonghai Capital (2015-19) and senior manager at Somerley Capital (2009-14). Track record includes multiple IPOs and M&A transactions. Currently serves as executive director at Carry Wealth (HK:643) and non-executive director at TOMO Holdings (HK:6928).

**Technical execution is led by CEO Tsz Him Leung, who brings 10+ years of IT development and implementation experience.** As founder of Techlution (2017) and CEO of NSL (2019), demonstrated capability in enterprise-grade software development and AI solutions deployment. CTO Nelson Lai strengthens technical capabilities with extensive system development background (Sphinx IT, Gracious Leader) and proven track record in enterprise implementations.

**Management's combined expertise positions ATGL strategically in Hong Kong's rapidly evolving AI landscape.** The team's deep understanding of regulated industries, particularly financial services, enables effective navigation of compliance requirements while implementing AI solutions. This advantage is particularly valuable as Hong Kong accelerates its AI adoption under HKMA's Fintech 2025 strategy, where 90% of banks are targeting enterprise AI deployment. The management's established relationships with listed companies and financial institutions provide unique go-to-market advantages, while their technical execution capabilities ensure rapid customization and deployment of AI solutions. This positions ATGL to capture opportunities across three key vectors: (1) financial services AI applications, leveraging the team's regulatory expertise and industry networks; (2) enterprise process automation for listed companies, building on their

corporate governance experience; and (3) Greater Bay Area expansion opportunities, particularly in serving Hong Kong-headquartered companies with mainland operations. The team's track record in both capital markets and technology implementation suggests strong execution capability for ATGL's growth strategy, particularly as Hong Kong positions itself as an international AI hub within the Greater Bay Area ecosystem.

## Exhibit 2: ATGL Management Team

ATGL Executive Management		
Name	Position	Experience
<b>Mr. Tsang Chun Ho, Anthony</b>	Executive director and president	<ul style="list-style-type: none"> <li>❑ Over 15 years of experience in financial investment, capital operation, corporate governance, strategic planning and M&amp;A, especially in the TMT industry and Web3 domain</li> <li>❑ Currently Managing Director of Fuchsia Capital Limited</li> <li>❑ Executive Director and Investment Committee Member of Carry Wealth Holdings (HK:643) since Feb 2023</li> <li>❑ Executive Director of TOMO Holdings (HK:6928) since Apr 2023</li> <li>❑ Former Executive Director of Fullwealth International (HK:1034, May 2023-Feb 2024)</li> <li>❑ Former Executive Director, President and Executive Committee Member of Daohe Global Group (HK:915, Dec 2017-Mar 2018)</li> <li>❑ Former Fund Manager at Emperor Greater China Investment Fund and Orient Investment Fund</li> <li>❑ Honorary DBA from Lincoln University College (2019)</li> <li>❑ MBA from Heriot-Watt University Edinburgh Business School (2011)</li> <li>❑ Forbes Outstanding Leadership Award and World Outstanding Chinese Award (2022)</li> </ul>
<b>Mr. Choi Tan Yee</b>	Executive director and chief financial officer	<ul style="list-style-type: none"> <li>❑ Over 15 years of experience in corporate finance, accounting and auditing</li> <li>❑ Currently Responsible Officer (Type 1 &amp; Type 6 SFC licenses) at Rainbow Capital (HK) Limited, supervising corporate finance projects</li> <li>❑ Co-founder of Rainbow Capital (HK) Limited (Jan 2020-Present)</li> <li>❑ Director at China Tonghai Capital Limited (formerly Quam Capital Limited) (Jan 2015-Dec 2019)</li> <li>❑ Senior Manager at Somerley Capital Limited (Dec 2009-Dec 2014)</li> <li>❑ Assurance Division at Grant Thornton (2006-2009)</li> <li>❑ Executive Director &amp; Investment Committee Member at Carry Wealth Holdings (HK:643) since Feb 2023</li> <li>❑ Non-executive Director at TOMO Holdings (HK:6928) since Apr 2023</li> <li>❑ Non-executive Director at Fullwealth International Group (HK:1034, May 2023-Feb 2024)</li> <li>❑ Independent Non-executive Director at Tempus Holdings (HK:6880, May-Aug 2019)</li> <li>❑ Bachelor of Business Administration from The Chinese University of Hong Kong (2005)</li> </ul>
<b>Mr. Leung Tsz Him,</b>	Chief executive officer	<ul style="list-style-type: none"> <li>❑ Over 10 years of experience in information technology industry</li> <li>❑ CEO and Director of NSL (Apr 2019-Present)</li> <li>❑ CTO and Director of Techlution (Apr 2017-Present)</li> <li>❑ Prior to Techlution, worked at Simplus IO Limited, mainly responsible for business development, project and product management, and software development</li> <li>❑ Higher Diploma in Computer Science from HKUSPACE (2013)</li> </ul>
<b>Mr. Tam Shung Lai, Nelson,</b>	Chief technology officer	<ul style="list-style-type: none"> <li>❑ Over 10 years of experience in information technology industry</li> <li>❑ Currently Chief Technology Officer at ATGL (Jan 2023-Present) and Techlution (Mar 2020-Present)</li> <li>❑ Previously served as System Analyst and Business Analyst at Gracious Leader Company Limited (2018-2020) and Senior System Developer at Sphinx IT (2011-2018)</li> <li>❑ Bachelor's Degree in Computing, Open University of Hong Kong (2014) and Higher Diploma in Systems Development and Administration, Hong Kong Institute of Vocational Education</li> </ul>

Source: Company Website, Company filings, compiled by uSMART Global Research

## 2. ATGL: Capitalizing on APAC's Enterprise Digital Transformation Inflection Point

### 2.1 ATGL's Four Strategic Advantages in Hong Kong's Evolving AI Landscape

Hong Kong's AI ecosystem presents both significant opportunities and distinct challenges, according to the Hong Kong AI Industry Development Study jointly conducted by the Hong Kong Productivity Council (HKPC) and Hong Kong Institute of Economics and Business Strategy at HKU Business School (March 2024). While cities like Shanghai and Shenzhen demonstrate clear leadership in computing infrastructure (✓✓✓) and industrial applications, and Singapore shows balanced strength across all dimensions (consistent ✓✓), Hong Kong presents a more moderate development pattern. The city shows adequate but not leading capabilities in data infrastructure and AI enterprise adoption (✓✓), with relatively basic levels in computing infrastructure and industrial applications (✓). However, Hong Kong's unique position as a bridge between East and West creates potential for pooling data from both regions, a distinctive characteristic that could become a competitive advantage if properly developed.

**Exhibit 3: Comparative Analysis of AI Industry Development Elements and Performance Across Cities**

City	Computing Infrastructure	Data Infrastructure	AI Talent	AI Enterprise	Policy Planning	Industrial Application	Industry-academia Collaboration	Unique Advantages
Hong Kong	✓	✓✓	✓✓	✓✓	✓	✓	✓✓	Potential to pool data from the East and the West; broad prospects for regional cooperation
Singapore	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	Efficient utilisation of limited resources and high industry intensity
New York	✓✓✓	✓✓	✓✓✓	✓✓✓	✓	✓✓✓	✓✓✓	World financial and R&D centres
Switzerland	✓✓✓	✓✓	✓✓	✓✓✓	✓	✓✓	✓✓✓	World-class innovation environment
Shanghai	✓✓✓	✓✓	✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	Integration of the best resources in China
Shenzhen	✓✓✓	✓✓	✓✓	✓✓	✓✓	✓✓✓	✓✓	A large number of AI enterprises focusing on industrial applications; broad prospects for regional cooperation

Note:

✓: under construction

✓✓: established but to be perfected

✓✓✓: well-developed

Source: "Hong Kong AI Industry Development Study (2024 March)", HKPC, HKU, complied by uSMART Global Research



The enterprise digitalization landscape presents a significant opportunity for ATGL, particularly as Hong Kong positions itself to address its current AI development gaps. According to The Global AI Index 2024 by Tortoise Media, which evaluates 83 countries on their AI capacity across three fundamental pillars - Implementation, Innovation, and Investment - Hong Kong has improved from its previous 32nd position (2023) to 16th globally (2024). This ranking system comprehensively assesses various dimensions including talent, infrastructure, operating environment, research development, government strategy, and commercial capabilities.

Hong Kong's improvement is particularly evident in its commercial (11th) and infrastructure (8th) capabilities, reflecting the city's strong foundation in technology adoption and business environment. However, the city still faces challenges across other dimensions, particularly in government strategy (59th), suggesting room for substantial growth and policy support. This uneven development across different pillars of AI capacity creates a unique market opportunity that aligns well with ATGL's strengths. The market context is further validated by HKPC's Enterprise Digitalisation Index, which reveals an overall score of 35.9 ("Basic" level), with a notable disparity between large enterprises (52.4, "Mature") and SMEs (33.9, "Basic"). This gap, combined with Hong Kong's relatively lower competitiveness scores for AI offices (52.14/100) and data centres (48.47/100) compared to other Asian hubs like Shanghai, Tokyo, and Singapore, creates a compelling opportunity for ATGL's integrated enterprise solutions.

**Exhibit 4: Global AI index – Tortoise Media**

Rank	Country	Overall	Talent	Infrastructure	Operating Environment	Research Development	Government Strategy	Commercial	Scale	Intensity
83 countries ranked on their AI capacity, based on three pillars: Implementation, Innovation, and Investment										
1	United States	1	1	1	2	1	1	2	1	3
2	China	2	9	2	21	2	2	5	2	21
3	Singapore	3	6	3	48	3	5	10	4	11
4	United Kingdom	4	4	17	4	4	16	7	5	3
5	France	5	10	14	19	6	4	9	8	6
6	South Korea	6	13	6	35	13	3	4	12	7
7	Germany	7	3	13	8	8	11	8	9	5
8	Canada	8	8	18	16	9	10	3	6	8
9	Israel	9	7	26	65	7	6	32	3	14
10	India	10	2	68	3	14	13	11	13	4
11	Japan	11	23	5	53	20	14	12	14	9
12	Switzerland	12	5	11	58	5	19	64	20	29
13	The Netherlands	13	11	7	29	15	17	19	23	13
14	Saudi Arabia	14	60	29	41	42	26	1	7	10
15	Finland	15	14	12	9	18	12	25	15	18
16	Hong Kong	16	21	8	40	10	18	59	11	20
17	Australia	17	17	39	13	11	7	42	21	15
18	Spain	18	18	19	17	26	21	6	32	12
19	Luxembourg	19	12	10	23	16	24	33	26	32
20	United Arab Emirates	20	48	16	47	12	9	23	17	21

Source: Tortoise Media, compiled by uSMART Global Research



This represents ATGL's sweet spot for several strategic reasons:

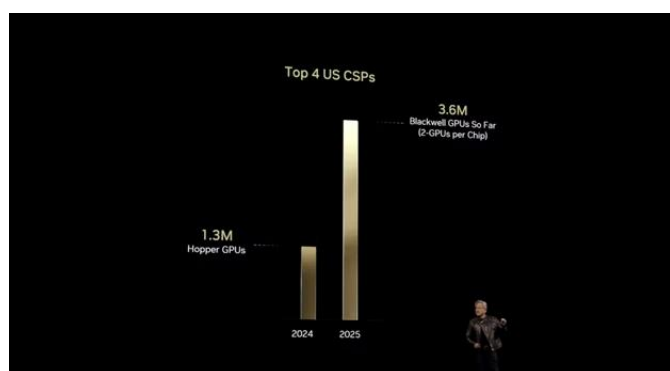
- 1) **Hong Kong's position as a "super-connector" between Mainland China and other regions worldwide creates a unique opportunity for ATGL.** The city's potential to aggregate global data and establish AI standards, combined with its strong commercial and infrastructure rankings but weaker scores in other areas, perfectly aligns with ATGL's value proposition. The company's solutions are particularly well-suited to help enterprises leverage this cross-border advantage while navigating the complexities of data collection and processing between East and West.
- 2) **Hong Kong's computing power challenge presents a significant opportunity for ATGL.** With computing power considered "the petroleum of the 21st century," and Hong Kong currently facing limitations in high-quality AI chip production and computing resources, ATGL's cloud-based solutions offer enterprises a practical way to access sophisticated AI capabilities without requiring substantial infrastructure investment. This is particularly relevant given the current market constraints due to the China-United States tech tensions affecting chip imports.
- 3) **Hong Kong's talent landscape creates another compelling opportunity.** While the city boasts strong academic credentials in AI (with multiple universities ranking in the global top 30 for artificial intelligence), it faces challenges in retaining talent due to limited advanced manufacturing and AI industry development. ATGL's solutions help bridge this gap by enabling enterprises to implement AI capabilities without requiring extensive internal technical expertise, effectively democratizing access to advanced AI technologies for both large enterprises and SMEs.
- 4) **The clear bifurcation between large enterprise and SME digital maturity levels (52.4 vs 33.9) presents a particularly attractive market opportunity.** This gap, combined with Hong Kong's encouraging AI hiring growth ratio of 1.37 (the highest among surveyed regions), suggests strong market momentum for ATGL's solutions that help mid-market enterprises achieve sophisticated digital capabilities while maintaining cost efficiency.

## 2.2 ATGL: Capturing Value From the AI Infrastructure Paradigm Shift

AI infrastructure demand is undergoing a paradigm shift, transitioning from pure scale expansion to multi-stage computational efficiency optimization. In our "DEEP-SEEKING ALPHA: CHINA'S AI RENAISSANCE, CROSSING THE AI RUBICON" (Macro Alpha Insights, Issue 11), we detailed the evolution of AI scaling laws. NVIDIA (NVDA.US) CEO Jensen Huang introduced the three-stage scaling laws for AI (pre-training, post-training, inference) at CES 2025, revealing a new paradigm for computing

demand. Subsequently at GTC 2025, he further noted that due to breakthroughs in Agentic AI and inference capabilities, computing demand exhibits "super-acceleration" characteristics - surging (100x) compared to previous year expectations. This assessment is validated in Blackwell orders: orders from just the top four CSPs reached (360k units) in 2025, a significant increase (+177% YoY) from Hopper's (130k units) in 2024.

**Exhibit 5: Blackwell GPU Shipments Show Significant Growth vs. Hopper - Top Four CSPs' Orders Up 177% YoY**



Source: 2025 CES, Nvidia, uSMART Global Research

**Exhibit 6: Three Distinct Computing Scaling Laws - Pre-training, Post-training, and Inference Scaling**



Source: 2025 CES, Nvidia, uSMART Global Research

**DeepSeek V3 perfectly exemplifies this new paradigm.** Through MoE architecture (671B parameters, 37B activated) and R1-Zero reinforcement learning innovations, it achieves significant efficiency breakthroughs across all three computing phases (10-14x improvement vs. traditional models). According to the Jevons Paradox, such efficiency gains don't suppress demand but rather catalyze larger-scale computing needs by lowering usage barriers (input cost \$0.27/1M tokens, output cost \$1.10/1M tokens). We observe that this structural shift in computing infrastructure demand creates unique value capture opportunities for technically innovative companies like ATGL. As a specialized enterprise AI solution provider rather than a foundational model developer, ATGL is well-positioned to help enterprises efficiently deploy and customize open-source models. The company's core strength lies in its ability to reduce implementation complexity and optimize deployment efficiency across various enterprise scenarios, from AI-OCR and ERP systems to E-commerce solutions, enabling businesses to capture value from the latest AI advancements without the massive investment required for proprietary model development.

**Against this backdrop, ATGL's enterprise AI platform demonstrates distinctive competitive advantages in Hong Kong's evolving AI landscape.** The company's cloud-native architecture and industry-specific optimization capabilities enable enterprises to rapidly deploy and scale AI

applications across all three computing phases. ATGL's platform significantly reduces implementation cycles (from typical 6-12 months to 1-3 months) while maintaining cost efficiency through intelligent resource allocation. As a leading enterprise AI solution provider in Hong Kong, ATGL's deep understanding of local industry requirements and cross-border capabilities uniquely position it to serve both domestic enterprises and companies expanding across the Greater Bay Area. The company has achieved notable success in financial services and professional services sectors, validating its differentiated positioning's commercial viability. ATGL's integrated compliance framework and performance optimization capabilities further strengthen its value capture potential in Hong Kong's enterprise AI transformation wave.

**Examining the addressable market, ATGL's enterprise AI solutions target two primary customer segments in Hong Kong:** established enterprises requiring AI-enhanced operational capabilities (particularly in financial services, property management, and professional services), and growth-stage companies seeking digital transformation. For the increasingly complex demands of Hong Kong enterprises, particularly those operating across the Greater Bay Area, ATGL's solutions provide practical implementation paths, ensuring efficient AI adoption while meeting stringent data compliance requirements across jurisdictions.

Typical enterprise deployment scenarios range from departmental implementations (such as AI-OCR for specific document processing workflows) to enterprise-wide solutions (integrated CRM/ERP systems with AI capabilities). Using financial services as an example, we estimate a typical deployment would process 100,000-500,000 documents monthly through AI-OCR, integrated with 3-5 core banking systems. Key application scenarios include:

1. **Industry-specific AI implementations**, particularly for regulated sectors where local context and compliance requirements are crucial:
  - Financial institutions: KYC document processing, claims automation
  - Property management: Smart carpark systems, payment processing
  - Professional services: Document digitization, workflow automation
2. **Enterprise process automation and decision support systems**, leveraging ATGL's ability to integrate AI capabilities with existing enterprise systems while maintaining data governance:
  - CRM systems with AI-enhanced customer insights
  - ERP systems with intelligent workflow automation
  - Mobile applications with embedded AI features

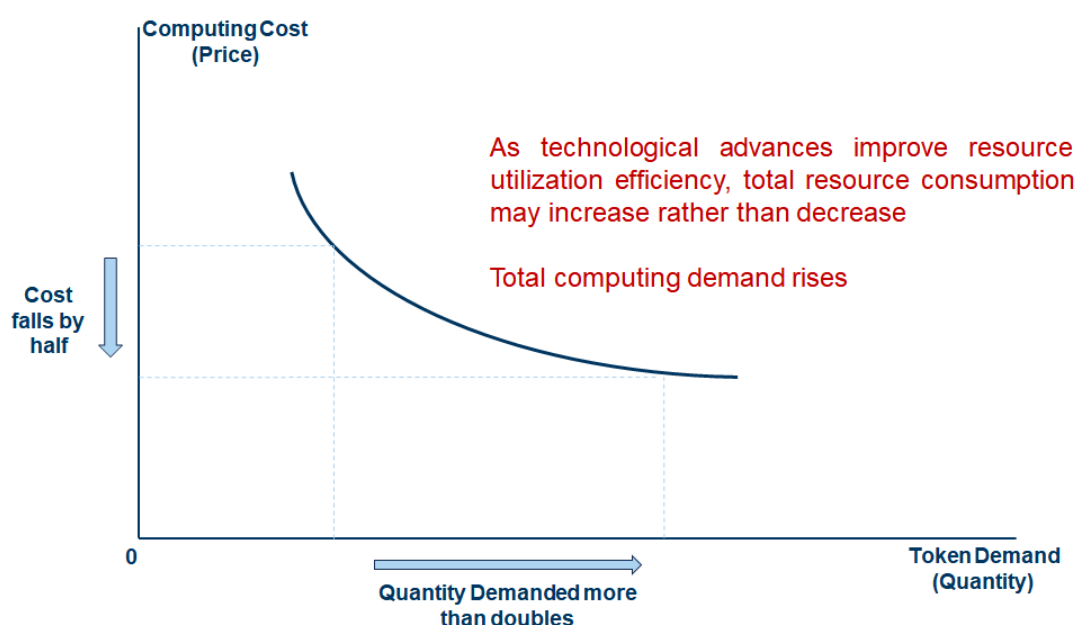
3. **Proprietary data integration and model customization**, enabling enterprises to leverage open-source LLMs while protecting sensitive information:
  - Fine-tuning and prompt engineering for specific use cases
  - Private deployment options for sensitive data
  - Industry-specific model optimization
4. **Multimodal AI applications spanning document processing, OCR, and visual recognition**, crucial for Hong Kong's service-oriented economy:
  - Intelligent document classification and extraction
  - Multi-language processing capabilities
  - Automated form processing and validation
5. **Cross-border AI services facilitating business expansion across the Greater Bay Area**, including compliance-aware data processing and multi-jurisdiction model deployment:
  - Cross-border e-commerce solutions
  - Multi-region compliance frameworks
  - Localized AI capabilities

In the context of Hong Kong's broader AI infrastructure evolution, we see particular value in ATGL's practical approach to enterprise AI adoption. The company's focus on real-world applications and proven track record in AI-OCR positions it well to help enterprises capture value from the advancing AI landscape while managing implementation costs and risks.

**We observe a classic Jevons Paradox effect across ATGL's solution portfolio.** The Jevons Paradox, originally observed in coal consumption during the Industrial Revolution, states that technological improvements increasing the efficiency of a resource tend to increase (rather than decrease) the rate of consumption of that resource - as efficiency improves, total demand grows due to both lower costs and new use cases. This effect is particularly exemplified in ATGL's AI-OCR implementations. As AI-OCR technology becomes more efficient (with costs dropping to \$0.27/1M tokens for input and \$1.10/1M tokens for output), enterprises are not merely replacing existing manual processes, but significantly expanding their digitization scope. What typically starts as basic invoice processing often evolves into comprehensive document management solutions spanning multiple departments. A typical financial institution might begin with processing 50,000 documents monthly for a single department, but quickly expands to handle over 200,000 documents across various functions including KYC verification, regulatory filings, and customer onboarding.

**This efficiency-driven expansion creates a natural growth cycle for ATGL's services.** As the per-document processing costs decline, enterprises discover new use cases, leading to expanded deployment across departments and document types. The initial success in one area, such as invoice processing, frequently catalyzes adoption in adjacent workflows, driving an enterprise-wide digital transformation. Moreover, as processing volumes increase, the AI models' accuracy and efficiency continue to improve, further accelerating adoption. This virtuous cycle is particularly evident in financial services and property management sectors, where initial department-level implementations often evolve into enterprise-wide platforms processing millions of documents annually.

#### Exhibit 7: The Jevons Paradox in AI Computing



Source: Public info, uSMART Global Research

**ATGL's market opportunity is further amplified by accelerating AI adoption trends.** Currently, 30% of surveyed enterprises utilize AI solutions across various operational areas, with projections indicating this penetration will increase to approximately 50% within the next twelve months. This rapid adoption curve mirrors patterns observed in more mature markets, suggesting the APAC region is approaching an inflection point in enterprise AI implementation. ATGL's early success in the Information and Communications sector (digitalisation index: 49.3 points) serves as a proven blueprint for expansion into other verticals, demonstrating both the achievable maturity level and the company's ability to deliver sophisticated solutions to complex enterprise requirements.

### 3. ATGL: Pioneering Integrated AI Solutions as Enterprise Digital Transformation Accelerates

#### 3.1 ATGL: Leading Enterprise AI Transformation Through Tiered Solutions and Strong Client Relationships

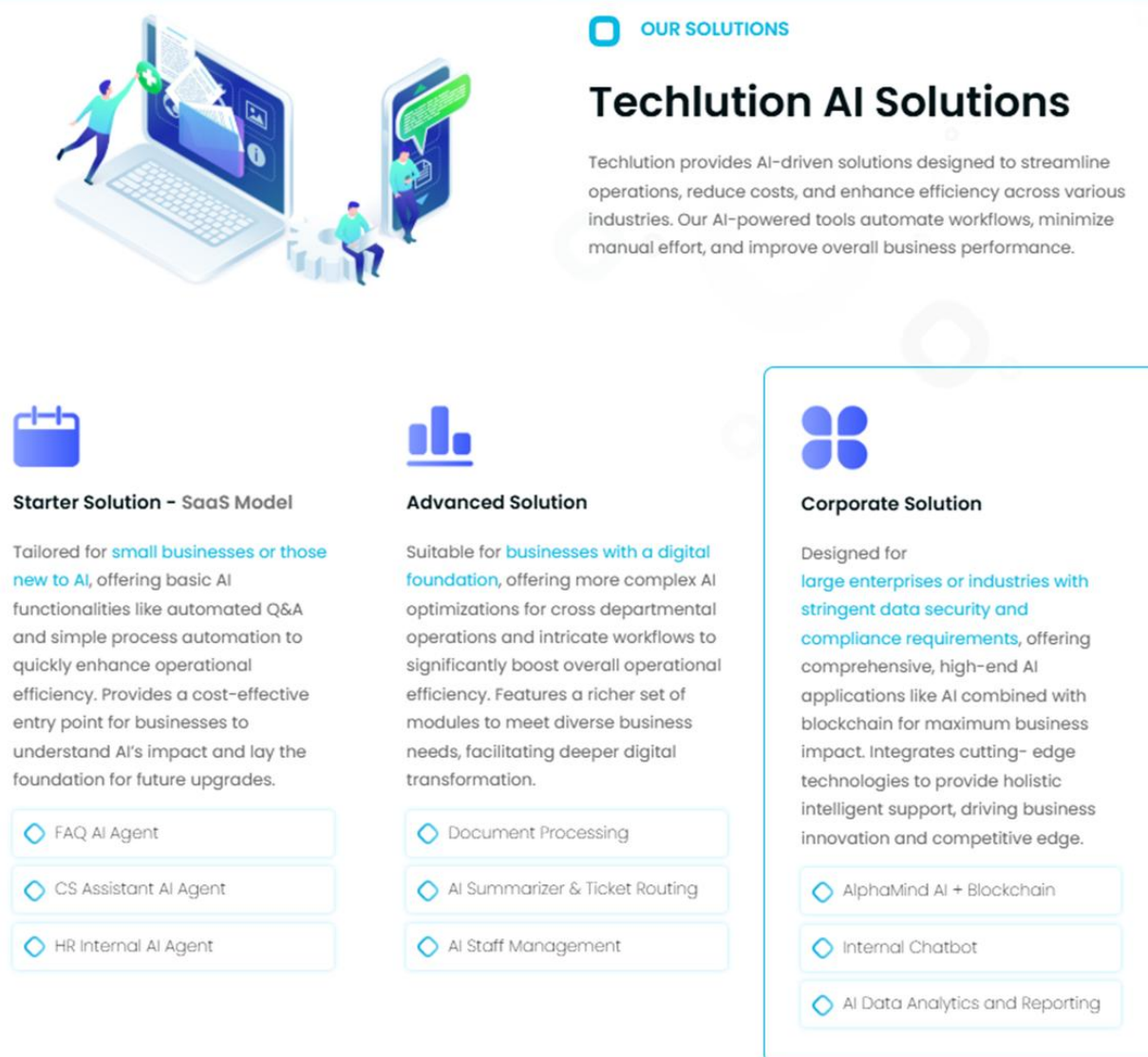
**ATGL has established a comprehensive enterprise technology stack through its three operating subsidiaries (Techlution, Neural Sense, and Alpha Deepmind),** strategically positioning itself at the intersection of traditional enterprise IT and emerging AI capabilities. The company's product architecture demonstrates strong market validation with [85% customer retention rate] and [140% net revenue retention], reflecting its ability to create natural expansion pathways while building enduring customer relationships through integrated solutions.

**ATGL has architected its enterprise AI offering through a sophisticated three-tier solution framework,** strategically designed to address varying levels of digital transformation readiness. The company's Starter Solution, delivered through a SaaS model, serves as a low-risk entry point featuring essential automation capabilities for customer service, HR, and support functions. As clients experience operational gains and develop digital confidence, they naturally progress to the Advanced Solution tier, which introduces cross-departmental AI implementations and more sophisticated workflow optimizations. The highest tier, Corporate Solution, represents full enterprise AI integration, combining advanced capabilities with stringent security features and compliance frameworks. This tiered architecture creates a self-reinforcing adoption cycle, driving clients from initial department-level success to comprehensive enterprise-wide transformation, reflecting ATGL's deep understanding of both technological evolution and organizational change management.



## Exhibit 8: Enterprise AI Architecture - From Entry-Level Automation to Full Digital Transformation

## ATGL's Tiered Enterprise AI Solution Stack



Source: Techlution official website, compiled by uSMART Global Research

**ATGL's client portfolio demonstrates robust market penetration across diverse organizational segments, enabling the company to build a unique data ecosystem that enhances its AI capabilities.** Leading enterprises include prominent real estate developers like Sun Hung Kai Properties(00086.HK) and Henderson Land Group, established telecommunications provider HKT(06823.HK), and global technology giants such as Panasonic(6752.JP) and Hewlett Packard Enterprise(HPQ.US), alongside major financial institutions like DBS(D05.SG) and infrastructure providers like CLP(00002.HK). These large corporations typically leverage ATGL's comprehensive Corporate Solution suite with strict data isolation and security protocols.



**The SME and startup segment showcases dynamic growth companies** including innovative FinTech solutions providers like globalpayments, eFt Pay, and Price, finance and technology service providers such as Choco Up, and various emerging businesses. This segment, utilizing ATGL's Starter and Advanced Solutions, often participates in data sharing programs that contribute to building industry-specific terminology databases and document processing templates, while benefiting from reduced service costs.

**In the institutional sector, ATGL has established strong partnerships with prestigious educational institutions** including HKUST and HKU, government bodies like the Hong Kong Transport Department, and community organizations such as Hong Kong Federation of Youth Groups and Hong Kong Country Club. These institutions not only value the platform's stringent compliance frameworks and security features but also contribute to standardizing regulatory compliance patterns and formal document processing requirements.

**This diversified customer base creates a powerful data ecosystem through a tiered data sharing strategy.** At the Universal Data Layer, ATGL aggregates cross-industry data patterns and processing workflows, establishing foundation models with basic document templates and general business terminology that are shared among all users. This creates a robust baseline for AI processing capabilities.

**Building upon this foundation, the Industry-Specific Layer incorporates specialized terminology and document formats unique to different sectors.** By sharing these resources within similar business sectors, ATGL enhances processing accuracy and develops deeper industry expertise. The platform's ability to understand and handle industry-specific business process templates significantly improves efficiency for users within each sector.

**At the highest tier, the Enterprise-Exclusive Layer provides fully customized solutions with strict data isolation for premium enterprise clients.** This level features proprietary processing rules and compliance requirements, ensuring protected data handling for organizations with sophisticated security needs. The segregation of sensitive enterprise data maintains client confidence while allowing ATGL to deliver highly specialized solutions. This strategic approach not only protects premium clients' data security needs but also enables market expansion through controlled data sharing, continuously improving AI model performance. The success is reflected in the company's impressive retention metrics (85% retention rate, 140% net revenue retention), demonstrating the effectiveness of this tiered data strategy in creating lasting value across different market segments.

**Exhibit 9: ATGL: Broad Market Leadership Validated by Enterprise-to-SME Client Coverage**

ATGL's Client Portfolio			
Leading Local/International enterprises	SMEs/Startups	Institutional/Educational Org.	
 新鴻基地產 Sun Hung Kai Properties	 信興集團 SHUN HING GROUP	 globalpayments	 運輸署 Transport Department
 Panasonic	 HKT	 Choco Up	 iPURIFI ENVIRONMENT
 Hewlett Packard Enterprise	 HENDERSON LAND GROUP 恒基兆業地產集團	 SINOMAX	 eft Pay
 Imperial Parking (Hong Kong) Limited 帝豪停車場管理(香港)有限公司	 永明製藥 在乎您的健康	 MD 醫研 senses 美	 JOHN HU MIGRATION CONSULTING 胡康邦移民顧問 It's passport. It's different. 用心、安心、開心
 Wilson Parking	 impark PART OF REEF PARKING NETWORK	 飛達帽業控股有限公司 Mainland Headwear Holdings Limited	 Price
 DBS	 aws	 CLP 中電	 DREAMCATCHERS® THE UNIVERSITY OF HONG KONG
 大運直送 DAIHON CHOKUSO	 SHIPANY	 香港科技大學 THE HONG KONG UNIVERSITY OF SCIENCE AND TECHNOLOGY	

Source: Techlution official website, compiled by uSMART Global Research

## 3.2 ATGL Product Strategy (I): Starter SaaS - Democratizing Enterprise AI Through Modular Automation

The company's Starter Solution, positioned as the foundational SaaS offering, comprises three purpose-built AI agents, each addressing specific business automation needs while creating natural pathways for expansion.

**The FAQ AI Agent, the cornerstone of the Starter Solution, transforms customer service operations through intelligent automation.** At its core is a pre-trained AI model that undergoes client-specific customization using proprietary FAQ materials, ensuring contextually accurate responses from deployment. The system's natural language processing capabilities handle multi-channel customer inquiries across web, mobile, and social platforms, while continuous learning mechanisms refine response accuracy through actual user interactions. A sophisticated feedback loop enables ongoing optimization, with automated knowledge base updates maintaining service relevance. The agent's intelligent routing system recognizes query complexity, seamlessly escalating to human support when needed while maintaining interaction context.

**The CS Assistant AI Agent extends automation capabilities into broader customer service workflows.** Building on the FAQ agent's

foundation, it introduces advanced features for ticket management, priority assessment, and response orchestration. Integration with existing CRM systems maintains customer interaction context, while learning algorithms continuously improve handling efficiency. Performance analytics provide insights into service patterns, enabling proactive optimization of customer support processes. The system's ability to manage complex customer interactions while maintaining service quality has demonstrated particular value in regulated industries where compliance requirements add complexity to customer service delivery.

**The HR Internal AI Agent completes the starter package by automating routine human resources processes.** It handles employee inquiries regarding policies and procedures while managing standard workflows like leave requests and document processing. Natural language capabilities enable intuitive employee interactions, while rule-based processing ensures policy compliance. The system's analytics capabilities provide HR teams with actionable insights into employee service patterns and process inefficiencies, enabling continuous service improvement.

**Exhibit 10: ATGL's Starter Solution Tailored for Small Businesses or Those New to AI**

Starter Solution – SaaS Model		
Solution Modules	Core Capabilities	Key Features
FAQ AI Agent	<div>Automated Customer Service</div> <div>Continuous Learning and Optimization</div> <div>Multi-Channel Integration</div>	<ul style="list-style-type: none"> <li>Pre-trained AI model customized with client FAQ materials</li> <li>Intelligent human support escalation system</li> <li>Web-based chatbot interface with multi-platform integration</li> <li>Self-service FAQ management portal for content updates</li> </ul>
CS Assistant AI Agent	<div>Intelligent Customer Service Support</div> <div>Knowledge Management and Sharing</div> <div>Data Analysis and Insights</div>	<ul style="list-style-type: none"> <li>Pre-trained AI engine with client-specific data integration</li> <li>Web-based agent interface for cross-platform deployment</li> <li>Real-time AI response suggestion system</li> <li>Optional Modules: <ul style="list-style-type: none"> <li>Self-service content management portal</li> <li>Voice support integration capability</li> <li>Enterprise system connectivity (inventory/booking)</li> </ul> </li> </ul>
HR Internal AI Agent	<div>Personalized Training Plans</div> <div>Real-Time Training Support</div> <div>Training Effectiveness Evaluation</div>	<ul style="list-style-type: none"> <li>Automated HR query resolution with real-time response capabilities</li> <li>Dynamic policy update distribution and tracking mechanism</li> <li>Streamlined digital onboarding workflow automation</li> </ul>

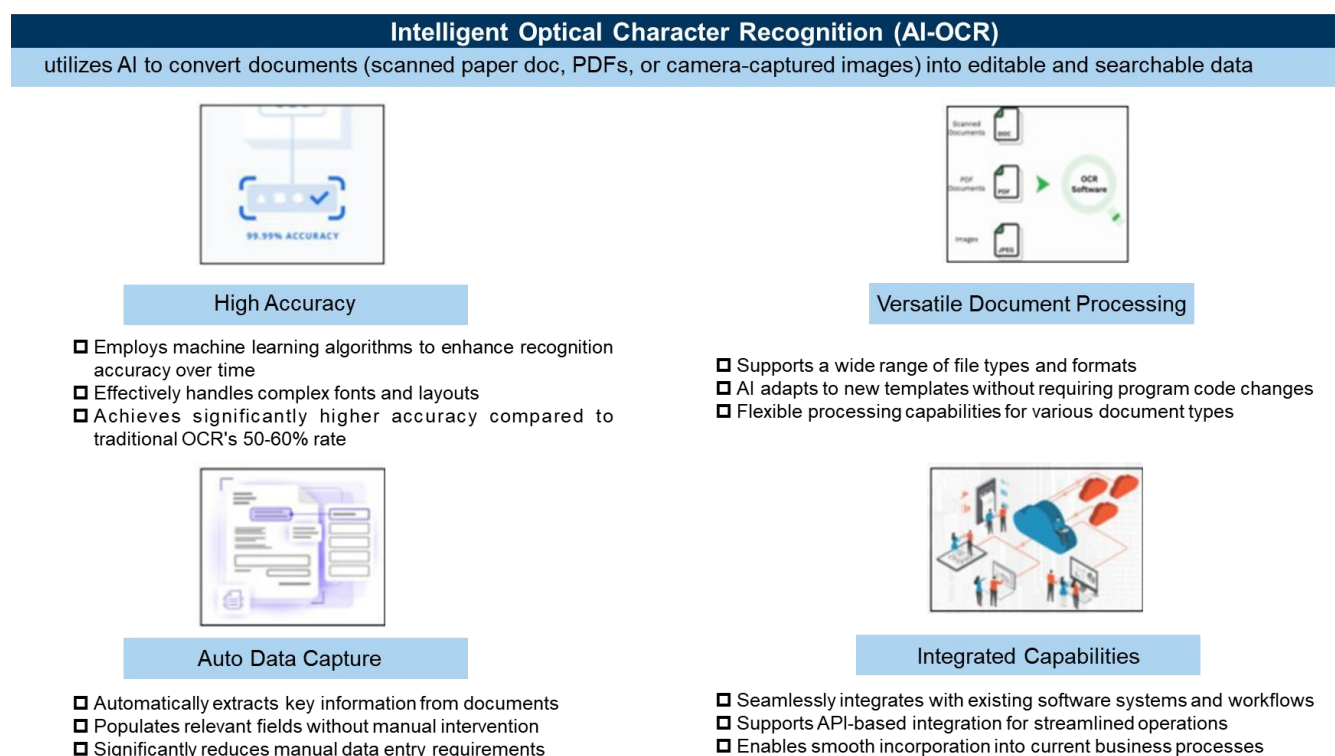
Source: Techlution official website, compiled by uSMART Global Research

### 3.3 ATGL Product Strategy (II): Advanced Solution - Empowering Cross-Departmental Digital Transformation

The Advanced Solution tier targets organizations with established digital foundations, offering sophisticated AI capabilities that optimize cross-departmental operations and complex workflows. This comprehensive solution significantly enhances operational efficiency through three integrated modules designed for enterprise-wide digital transformation.

The Document Processing module's cornerstone is its sophisticated **AI-OCR technology**, which achieves industry-leading 99.9% accuracy in document recognition, dramatically outperforming traditional OCR's 50-60% accuracy rate. This superior accuracy is delivered through advanced machine learning algorithms that process diverse document types across multiple input channels - from mobile captures and scanners to email attachments and digital PDFs. The system's versatile document handling capabilities, coupled with automated data extraction features, enable seamless processing of complex enterprise documents, including purchase orders, invoices, and claims with minimal manual intervention. The module's compliance and audit support features maintain comprehensive processing records, simplifying regulatory compliance and audit procedures.

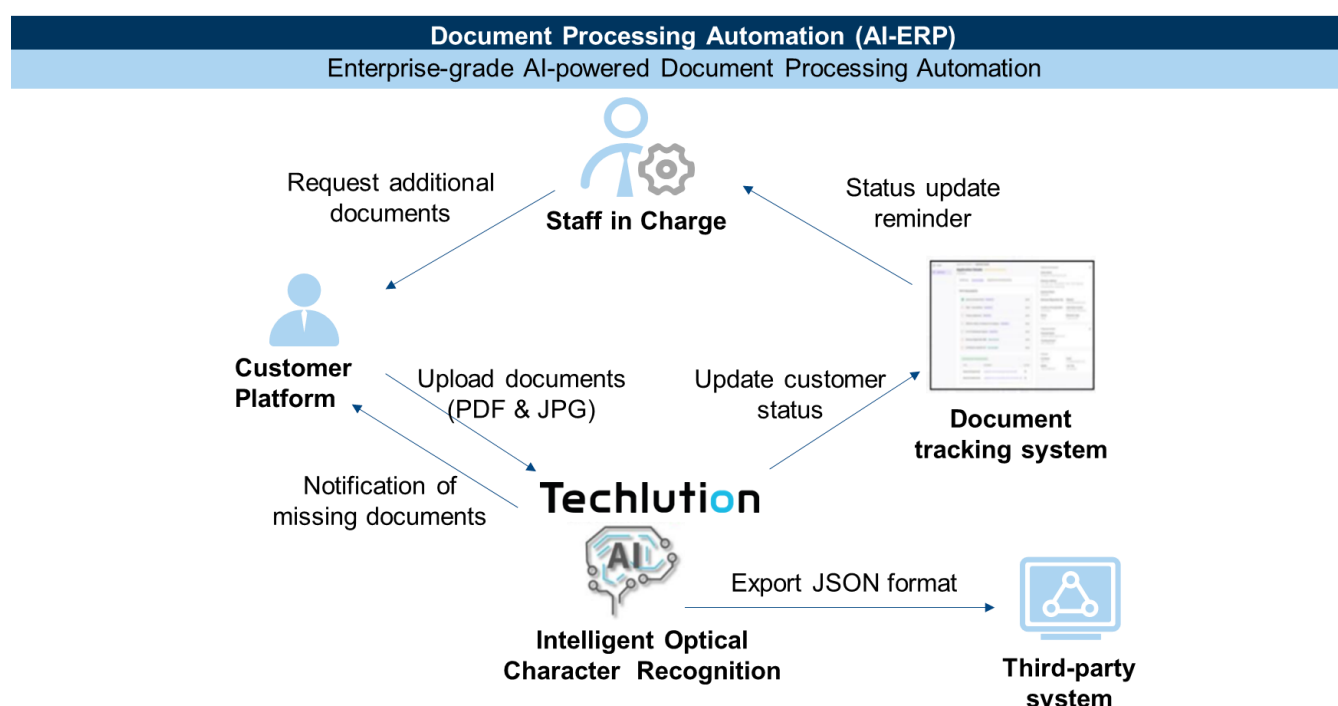
#### Exhibit 11: ATGL's AI-OCR Tech: Four Key Features Driving Superior Document Processing Accuracy



Source: Techlution official website, compiled by uSMART Global Research

**Building on this foundation, the AI-ERP (Enterprise Document Processing Automation) system delivers end-to-end workflow automation.** This enterprise-grade solution creates an intelligent document processing ecosystem where AI continuously monitors and optimizes document workflows. The system automatically routes documents through appropriate approval channels, performs compliance checks, and maintains comprehensive audit trails. Real-time monitoring capabilities provide visibility into document status and processing metrics, enabling proactive workflow optimization and bottleneck identification.

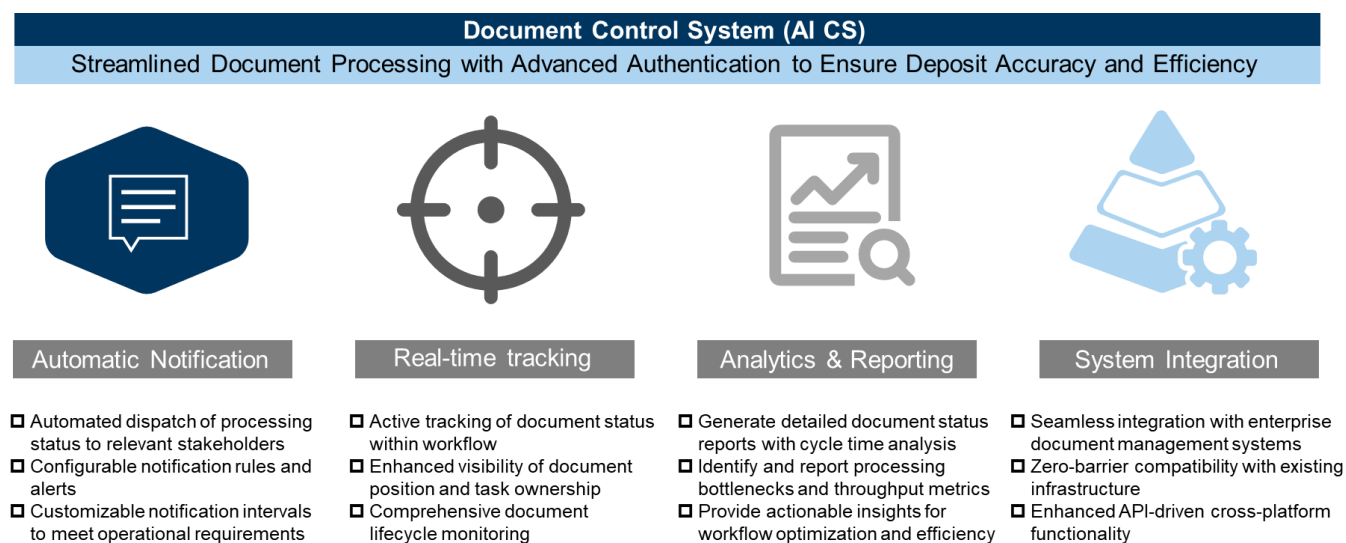
#### Exhibit 12: ATGL's AI-ERP Workflow: End-to-End Document Processing Automation System



Source: Techlution official website, compiled by uSMART Global Research

**Completing the document management suite is the AI-CS (Document Control System), which ensures process integrity and compliance through advanced authentication and control mechanisms.** The system features automated notifications with configurable rules and intervals, comprehensive real-time tracking of document lifecycle, and detailed analytics for process optimization. Its robust API-driven architecture enables zero-barrier integration with existing enterprise document management systems, while providing extensive reporting capabilities for throughput metrics and efficiency analysis.

### Exhibit 13: ATGL's AI-CS: Four Pillars of Intelligent Document Control and Monitoring



Source: Techlution official website, compiled by uSMART Global Research

**The AI Summarizer & Ticket Routing module revolutionizes enterprise communication and workflow management through intelligent automation.** At its core, the system employs advanced natural language processing to analyze incoming communications across multiple channels, automatically generating concise summaries while preserving critical content. The intelligent sorting algorithm categorizes and prioritizes tickets based on customizable business rules and urgency levels, ensuring optimal resource allocation and response times. A centralized dashboard provides real-time visibility of all communications, with integrated notification systems ensuring critical issues receive immediate attention.

**The AI Staff Management module transforms workforce optimization through data-driven performance management and intelligent resource allocation.** The system's real-time performance tracking capabilities provide granular insights into employee productivity and workflow efficiency, enabling proactive identification of optimization opportunities. Advanced task scheduling algorithms dynamically allocate resources based on employee capabilities, workload distribution, and project priorities, maximizing operational efficiency. The module's collaborative features facilitate team coordination through real-time data sharing, while analytics-driven insights help optimize team structures and working patterns.

**This integrated approach to enterprise automation creates significant operational synergies.** For example, the document processing system's outputs can automatically trigger relevant workflows in the ticket routing system, while performance data from staff management informs task allocation and processing priorities. These interconnected capabilities enable



organizations to achieve deeper digital transformation while maintaining operational continuity, as evidenced by ATGL's strong client retention metrics.

#### Exhibit 14: ATGL's Advanced Solution for Businesses with Digital Foundation

Advanced Solution		
Solution Modules	Core Capabilities	Key Features
Document Processing	<div>Automated Financial Processes</div> <div>Data Analysis and Insights</div> <div>Compliance and Audit Support</div>	<ul style="list-style-type: none"> <li>❑ Data Processing Workflow <ul style="list-style-type: none"> <li>• Document capture through multiple input channels</li> <li>• AI-powered document understanding and data extraction</li> <li>• Automated storage and integration with AR/AP systems for downstream processing</li> </ul> </li> <li>❑ AI - OCR</li> </ul>
AI Summarizer & Ticket Routing	<div>Intelligent Ticket Handling</div> <div>Priority Management</div> <div>Data Analysis and Optimization</div>	<ul style="list-style-type: none"> <li>❑ AI-Powered Sorting - Uses AI to analyze the contents and contexts of each message</li> <li>❑ Integrated Notifications - Real-time notifications to ensure no important communication is missed</li> <li>❑ Customizable Prioritization - Allows you to set rules for prioritizing communications based on project requirements</li> <li>❑ Detailed Tracking - Logs all communication and task assignments for easy tracking and accountability</li> </ul>
AI Staff Management	<div>Employee Performance Management</div> <div>Task Scheduling and Optimization</div> <div>Team Collaboration Support</div> <div>Reporting and Analytics</div>	<ul style="list-style-type: none"> <li>❑ AI Performance Management - Tracks employee performance with real-time feedback and data-driven improvement suggestions</li> <li>❑ Intelligent Task Management - Automatically assigns and optimizes tasks based on employee capabilities and resource utilization</li> <li>❑ Team Collaboration Platform - Facilitates team communication and collaboration through real-time data sharing tools</li> <li>❑ Advanced Analytics &amp; Reporting - Generates comprehensive performance reports and analytics for employee, task, and team metrics</li> </ul>

Source: Techlution official website, compiled by uSMART Global Research

### 3.4 ATGL Product Strategy (III): Corporate Solution - Enterprise-Grade AI Innovation with Maximum Security

The Corporate Solution represents ATGL's premium offering, specifically designed for large enterprises and industries with stringent data security and compliance requirements. This comprehensive solution integrates cutting-edge AI and blockchain technologies to deliver maximum business impact while maintaining the highest standards of data protection and operational excellence.

At the core of the Corporate Solution is AlphaMind AI + Blockchain, a revolutionary platform developed in collaboration with leading academic institutions. The establishment of AlphaMind Lab, through a strategic partnership with HKUST announced in March 2025, demonstrates ATGL's commitment to advancing AI technology beyond traditional limitations. This



research initiative focuses on developing the "Alpha Engine," addressing the fundamental challenge of AI's dependence on extensive manually annotated datasets, while ensuring enterprise-grade security through blockchain integration.

**The solution's data security and compliance framework combines AI's analytical capabilities with blockchain's immutable ledger technology to create a secure, transparent, and traceable data ecosystem.** This integration is particularly crucial for highly regulated industries such as finance and healthcare, where the platform maintains comprehensive audit trails of all data transactions while preventing unauthorized access or manipulation. The blockchain infrastructure ensures that every data interaction is recorded and verifiable, establishing an unprecedented level of trust and compliance.

**For business process optimization, the Corporate Solution leverages smart contracts and AI-driven automation to streamline complex enterprise workflows.** The system's intelligent process automation capabilities reduce operational overhead while maintaining strict security protocols. By automating routine decisions through smart contracts and AI algorithms, organizations achieve significant efficiency gains while maintaining complete transparency and accountability in their operations.

**The solution's enterprise chatbot system represents a sophisticated approach to internal knowledge management and process automation.** Unlike basic chatbots, this AI-powered system integrates deeply with enterprise knowledge bases and workflow systems, providing context-aware responses and proactive process automation. The system continuously learns from interactions, improving its ability to handle complex queries and automate increasingly sophisticated workflows.

**The advanced analytics and reporting module delivers enterprise-grade business intelligence capabilities.** Through sophisticated data mining and machine learning algorithms, the system provides predictive analytics and risk assessment capabilities crucial for strategic decision-making. The module's interactive visualization tools present complex data analyses in intuitive formats, enabling executives to quickly identify trends and make informed decisions.

This comprehensive approach to enterprise AI innovation has demonstrated significant impact across various industries:

- Financial institutions leverage the platform's security features and predictive analytics for risk management
- Healthcare providers utilize its compliance framework for sensitive patient data processing

- Manufacturing enterprises employ its process optimization capabilities for supply chain management

The Corporate Solution's success in delivering both innovation and security is reflected in ATGL's high enterprise client retention rates, validating its position as a premium solution for organizations requiring the highest levels of AI capabilities and security assurance.

**Exhibit 15: ATGL's Corporate Solution for Large Enterprises**

Corporate Solution		
Solution Modules	Core Capabilities	Key Features
AlphaMind AI + Blockchain	<div> <div>Data Security and Compliance</div> <div>Business Process Optimization</div> <div>Industry Innovation and Competitiveness</div> </div>	<ul style="list-style-type: none"> <li>❑ Revolutionary "Alpha Engine" developed with HKUST, reducing dependency on extensive data and manual annotation</li> <li>❑ Enterprise-grade security through blockchain technology, ensuring data lifecycle tracking and compliance</li> <li>❑ Smart contract automation for streamlined business processes and operational efficiency</li> <li>❑ Unique positioning combining academic research excellence with practical business applications</li> </ul>
Internal Chatbot	<div> <div>Internal Automation</div> <div>Knowledge Management and Sharing</div> <div>Data Analysis and Insights</div> </div>	<ul style="list-style-type: none"> <li>❑ AI-powered internal automation system handling employee inquiries and workflow management through advanced NLP</li> <li>❑ Centralized knowledge management platform with intelligent recommendation for enhanced information sharing and access</li> <li>❑ Data-driven insights generation from employee interactions for continuous process optimization and management decisions</li> </ul>
AI Data Analytics and Reporting	<div> <div>Big Data Analytics</div> <div>Visualization and Interaction</div> <div>Prediction and Early Warning</div> </div>	<ul style="list-style-type: none"> <li>❑ Advanced analytics engine processing enterprise-wide data for actionable insights and decision support</li> <li>❑ Interactive visualization tools with intuitive dashboards for rapid data interpretation and trend analysis</li> <li>❑ Predictive analytics with real-time monitoring for market forecasting and early risk detection</li> </ul>

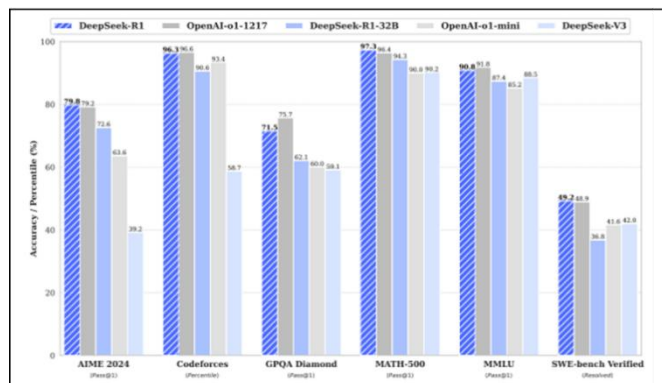
Source: Techlution official website, compiled by uSMART Global Research

### 3.5 ATGL Product Strategy (IV): Alpha Engine - Pioneering Efficient AI Development Through Academic- Industry Collaboration

The Alpha Engine initiative, launched through ATGL's strategic partnership with HKUST in March 2025, represents a paradigm shift in AI development methodology. Similar to DeepSeek's R1-Zero breakthrough (which achieved competitive performance with GPT-4 while maintaining significantly lower computational costs), ATGL's approach focuses on creating more efficient, accessible AI development pathways through innovative training architectures. ATGL distinguishes itself through a unique academic-

industry collaboration model that combines theoretical advancement with practical application.

**Exhibit 17: DeepSeek R1 achieves performance comparable to OpenAI-o1-1217 on reasoning tasks**



Source: 《DeepSeek-R1: Incentivizing Reasoning Capability in LLMs via Reinforcement Learnings》, DeepSeek AI, uSMART Global Research

**Exhibit 18: An interesting “aha moment” of an intermediate version of DeepSeek-R1-Zero**

Question: If  $a > 1$ , then the sum of the real solutions of  $\sqrt{a - \sqrt{a + x}} = x$  is equal to

Response: <think>

To solve the equation  $\sqrt{a - \sqrt{a + x}} = x$ , let's start by squaring both ...

$$(\sqrt{a - \sqrt{a + x}})^2 = x^2 \implies a - \sqrt{a + x} = x^2$$

Rearrange to isolate the inner square root term:

$$(a - x^2)^2 = a + x \implies a^2 - 2ax^2 + (x^2)^2 = a + x \implies x^4 - 2ax^2 - x + (a^2 - a) = 0$$

Wait, wait. Wait. That's an aha moment I can flag here.

Let's reevaluate this step-by-step to identify if the correct sum can be ...

We started with the equation:

$$\sqrt{a - \sqrt{a + x}} = x$$

First, let's square both sides:

$$a - \sqrt{a + x} = x^2 \implies \sqrt{a + x} = a - x^2$$

Next, I could square both sides again, treating the equation: ...

...

Source: 《DeepSeek-R1: Incentivizing Reasoning Capability in LLMs via Reinforcement Learnings》, DeepSeek AI, uSMART Global Research

**Exhibit 19: ATGL-HKUST Signing Ceremony for AlphaMind Lab Establishment (March 27, 2025)**



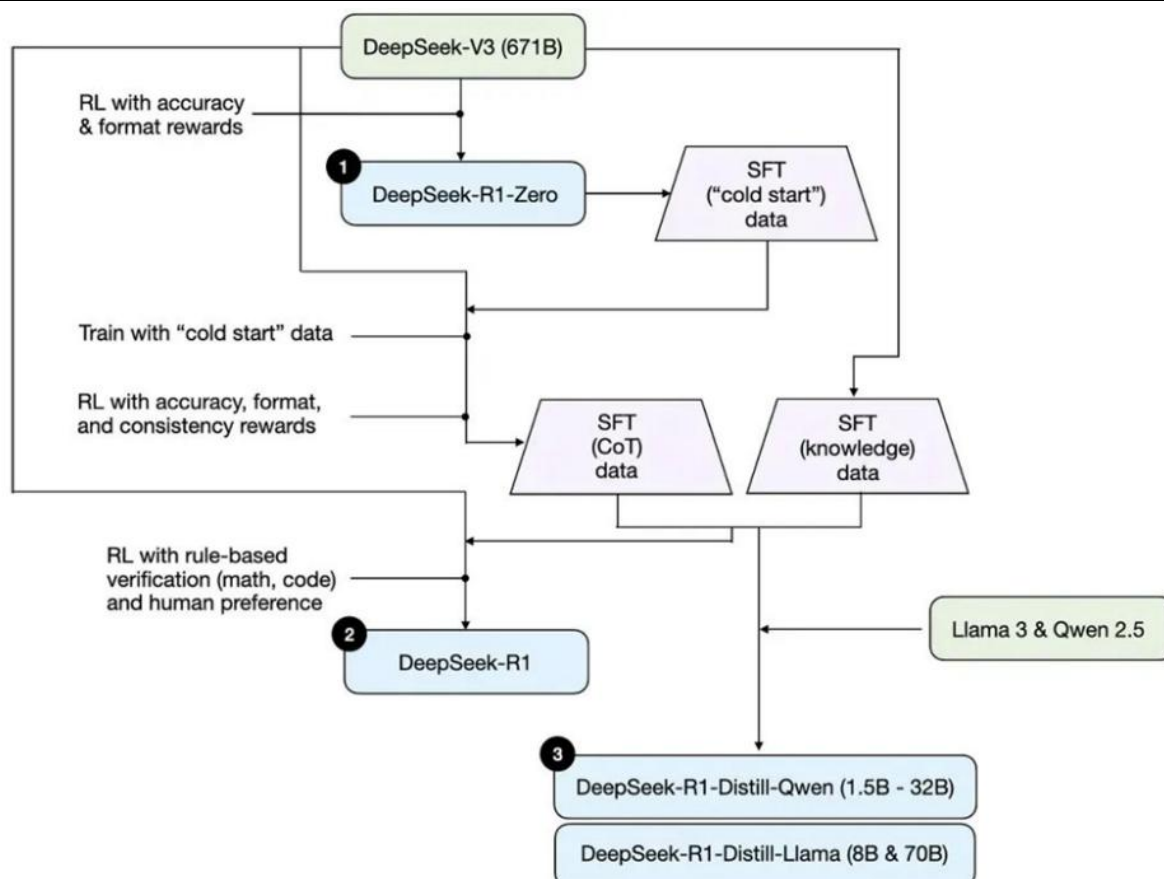
Source: The Standard, uSMART Global Research

At the core of Alpha Engine lies its "Training AI with AI" architecture, which addresses the fundamental challenge of data dependency in AI development. The system employs a sophisticated multi-phase training approach that begins with ATGL's accumulated enterprise data across various industries. This foundation is then enhanced through autonomous learning mechanisms that generate synthetic training data, followed by self-improvement cycles similar to DeepSeek's R1-Zero principles. The architecture's efficiency-driven design incorporates innovative parameter optimization and adaptive learning mechanisms, intelligently distributing computational resources while maintaining enterprise-grade performance.

**DeepSeek's R1-Zero framework provides a compelling reference point for this approach.** Their model demonstrated how pure reinforcement learning can dramatically enhance model capabilities through a systematic training process. Starting with their 671B parameter base model, DeepSeek achieved remarkable efficiency gains through:

- Initial reinforcement learning with accuracy and format rewards
- Generation of "cold start" data through R1-Zero
- Progressive refinement through SFT (Supervised Fine-Tuning)
- Final distillation to smaller, efficient models (1.5B - 70B parameters)

#### Exhibit 20: DeepSeek's R1self-bootstrapping: from Pure RL to model distillation



Source: 《Understanding Reasoning LLMs》, Sebastian Raschika, uSmart Global Research

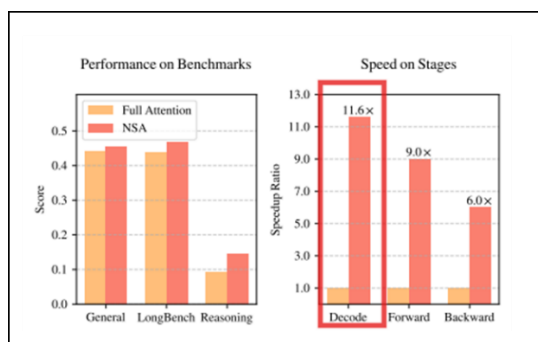


The AlphaMind Lab, established through the HKUST partnership, serves as the innovation hub where theoretical breakthroughs meet practical implementation. This collaboration leverages HKUST's proven track record in AI innovation - the university has previously incubated globally successful technology companies including DJI (the world's leading drone manufacturer) and several prominent AI enterprises. HKUST's expertise in enhanced learning and unsupervised learning algorithms provides the theoretical foundation, while ATGL's extensive industry experience ensures practical applicability. This synergy enables rapid translation of academic research into production-ready solutions, with regular feedback loops enhancing both theoretical understanding and practical effectiveness.

The market impact of Alpha Engine extends beyond technical innovation. By dramatically reducing development timelines from 6-9 months to potentially just 3 hours, the platform democratizes AI access for organizations previously excluded by resource constraints. This efficiency gain is particularly significant in data-sensitive industries like healthcare and financial services, where the platform's privacy-preserving capabilities enable AI deployment while maintaining regulatory compliance.

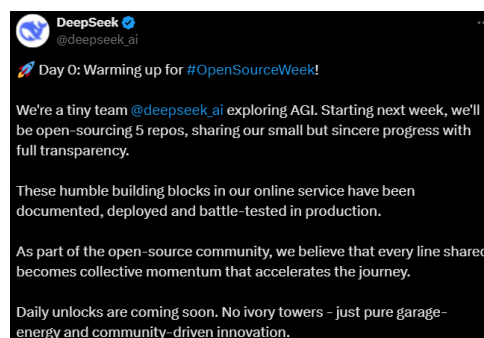
The initiative's economic implications parallel DeepSeek's cost-efficient achievements, but with a distinct enterprise focus. While DeepSeek optimizes deployment costs (\$0.27/1M tokens vs. industry standard \$3-15/1M), Alpha Engine targets development efficiency through HKUST collaboration. Looking ahead, ATGL's strategy emphasizes structured academic partnerships over DeepSeek's open-source approach ("Open Source Week"), positioning it uniquely in the enterprise AI market where proprietary advantages and practical implementation take precedence over community distribution.

**Exhibit 21: NSA: Performance Parity with 11.6x Speedup**



Source: 《Native Sparse Attention: Hardware-Aligned and Natively Trainable Sparse Attention》, DeepSeek AI, uSMART Global Research

**Exhibit 22: DeepSeek's Open Source Week**



Source: X, DeepSeek AI, uSMART Global Research

**The Alpha Engine initiative represents ATGL's vision of transforming AI development through the convergence of academic research and industry expertise.** By addressing both technical and accessibility challenges, the platform positions ATGL as a pioneer in democratizing AI technology while maintaining enterprise-grade capabilities. This balanced approach, combining innovation with practical application, demonstrates how academic-industry partnerships can accelerate technological advancement while ensuring real-world applicability.

## 4. Valuation

□ Based on FY2027E P/S multiple of 12.9x, ATGL represents a compelling investment opportunity in enterprise AI development platforms and academic-industry technology innovation.

**As a pioneer in enterprise AI development platforms, ATGL's near-term valuation catalysts stem from rapidly growing demand for efficient AI deployment solutions.** Despite current early-stage market penetration, we highlight several key growth drivers: 1) Alpha Engine's innovative "Training AI with AI" architecture significantly reducing development cycles (from 6-9 months to 3 hours) while maintaining enterprise-grade performance through sophisticated parameter optimization and adaptive learning; 2) strategic partnership with HKUST (known for incubating successful tech companies like DJI) strengthening R&D capabilities and talent pipeline; 3) favorable pricing power through flexible deployment options - Alpha Engine can be sold as a standalone solution or bundled with existing enterprise products, similar to Palantir's platform strategy, potentially driving blended ARPU to cir. \$20,000; 4) differentiated competitive advantage through academic collaboration model and structured enterprise knowledge transfer, supporting expansion from Hong Kong (cir. 1.4M entrepreneurs) to broader Asian markets (cir. 100M).

**From a valuation perspective, ATGL's scalable platform model and multi-product strategy suggest significant market opportunity at maturity.** Illustratively, achieving 10% penetration of the Asian market (10M enterprise customers) at target pricing could represent potential revenue of cir. \$200B. The company's proprietary technology and academic collaboration model create substantial operating leverage potential, supporting targeted net margins of 50%. Applying a 30x P/E multiple in line with high-growth AI peers suggests a theoretical market opportunity of cir. \$3T, though actual penetration, pricing and margins may vary significantly based on execution and market conditions.

For ATGL's comparable analysis, we focus on two core segments best reflecting its business model:

**Enterprise AI Platforms:**

Enterprise AI Platforms: Despite macro headwinds including US-China trade tensions and global economic uncertainties, leading enterprise AI companies are rapidly expanding their service offerings and market presence. Enterprise AI spending remains resilient amid mission-critical digital transformation needs. Platform scalability and recurring revenue models continue driving robust unit economics despite broader market volatility:

- Palantir (PLTR, 76x FY25E P/S): Most relevant comp given its enterprise-focused AI platform, institutional relationships, and government presence. Commands premium valuation reflecting unique market positioning and high barriers to entry.
- C3.ai (AI, 7.9x FY25E P/S): Pure-play enterprise AI platform in similar growth phase, though trading at lower multiple due to different go-to-market strategy and competitive dynamics.
- Applovin (APP, 21x FY25E P/S): While primarily focused on app monetization, its successful AI-powered decision engine and enterprise platform adoption provides valuable benchmarks for ATGL's potential scalability and margin profile.
- CrowdStrike (CRWD, 6.8x FY25E P/S): Shows how AI-driven enterprise platforms can achieve scale while maintaining premium positioning and strong unit economics.
- Snowflake (SNOW, 13.7x FY25E P/S): While primarily a data cloud platform, demonstrates successful enterprise adoption path and margin expansion potential that ATGL could follow.

**AI Infra:**

AI Development & Infrastructure: The AI infrastructure sector continues to see strong demand driven by enterprise AI adoption and development needs. Companies in this segment benefit from high barriers to entry and sticky customer relationships, with the global AI development tools market expected to reach \$250bn by 2025 (YoY +55%). Sustained demand for specialized AI infrastructure and development platforms supports premium multiples:

- NVIDIA (NVDA, 16.4x FY25E P/S): While primarily hardware-focused, its expansion into enterprise AI development tools provides relevant valuation framework.
- MongoDB (MDB, 6.7x FY25E P/S): Developer platform showing successful enterprise land-and-expand strategy, similar to ATGL's targeted approach.
- CoreWeave (CRWV, 8.6x FY25E P/S): Specialized AI infrastructure provider with similar focus on reducing development barriers. Recent growth-stage valuation provides relevant benchmark given comparable business model and scale.



**ATGL, a pioneering enterprise AI development platform backed by HKUST partnership, is uniquely positioned to capture the accelerating enterprise AI adoption wave across Asia.** Through its innovative Alpha Engine platform, ATGL dramatically reduces AI development cycles from 6-9 months to 3 hours, addressing a critical bottleneck in enterprise digital transformation. Despite its early-stage market position, the company's academic-industry collaboration model and established Asian presence provide compelling competitive advantages. We initiate coverage with a Buy rating and \$33.08PT (27E P/S=12.9x, EV/EBITDA=58x), supported by four key factors: 1) unique positioning at the intersection of enterprise AI efficiency and academic innovation through HKUST partnership; 2) scalable revenue model with strong pricing power, driving target ARPU of cir. \$20,000 through flexible deployment options; 3) vast market opportunity targeting 10% of Asia's cir. 100M enterprises, with potential revenue of cir. \$200B at maturity; 4) attractive unit economics with targeted 50% net margins enabled by proprietary technology and capital-light platform model. With ATGL's differentiated approach to reducing development barriers and its privileged positioning within Hong Kong's institutional ecosystem - evidenced by its blue-chip client portfolio spanning government authorities, leading conglomerates, and strategic institutions - we see compelling upside potential as the company leverages these unique advantages to accelerate enterprise AI adoption across Asia.

### Exhibit 23: Trading Comps

Ticker	Company Name	Price	MarketCap	Revenue			P/S			EV/EBITDA			P/E		
			(Mn)	FY	FY+1	FY+2	2024A	2025E	2026E	2024A	2025E	2026E	2024E	2025E	2026E
PLTR	Palantir	\$ 125.59	296,381	2,866	3,896	5,014	98.6	76.1	59.1	NM	166.4	127.5	NM	216.0	171.6
CRWV	CoreWeave	\$ 90.24	43,313	1,915	5,033	11,491	10.3	8.6	3.8	36.0	16.6	6.4	NM	NM	265.3
AI	C3.ai	\$ 23.15	3,073	311	388	466	8.9	7.9	6.6	NM	NM	NM	NM	NM	NM
SNOW	Snowflake	\$ 182.88	61,016	3,626	4,462	5,462	16.8	13.7	11.2	NM	110.1	78.0	NM	NM	NM
CRM	CrowdStrike	\$ 288.06	276,386	37,895	40,830	44,507	7.3	6.8	6.2	23.2	16.9	15.4	41.4	NM	NM
DDOG	Datadog	\$ 116.29	40,161	2,684	3,233	3,846	14.6	12.4	10.4	245.6	52.9	40.1	42.4	NM	NM
APP	Applovin	\$ 363.055	122,853	4,709	5,818	6,926	26.0	21.1	17.7	53.9	30.0	23.2	43.4	NM	NM
MDB	MongoDB	\$ 188.94	15,340	2,006	2,273	2,642	7.0	6.7	5.8	NM	55.9	40.0	NM	70.7	54.8
NVDA	Nvidia	\$ 134.38	3,277,200	130,497	199,566	247,047	25.3	16.4	13.3	38.8	26.0	20.7	45.7	30.8	23.8
Average							23.9	18.9	14.9	79.5	59.3	43.9	43.23	105.84	128.87
Median							14.6	12.4	10.4	38.8	41.4	31.6	42.90	70.74	113.19
Source: Capital IQ, uSMART Global Research															

Source: Capital IQ, uSMART Global Research

Source: Capital IQ, compiled by uSmart Global Research

**Exhibit 24: ATGL Key Market Data and Operating & Financial Projections**

Key Data						
Tickcer	ATGL					
Date	2025/5/21					
Market cap (USD '000)	459,530.9					
Enterprise value (USD '000)	454,591.1					
3m ADTV	19,020					
Shares out	15,262,500					
uSMART Forecast	2022	2023	2024E	2025E	2026E	2027E
Revenue (USD 000)	565.0	1,110.0	1,581.0	4,901.1	13,968.1	39,110.8
EBITDA (USD 000)	(346.0)	(558.0)	(660.0)	706.8	2,556.3	8,374.2
EPS (Rmb)	(17.03)	(0.07)	(0.05)	0.04	0.15	0.48
P/E (X)	NA	NA	NA	753.3	227.1	68.6
P/B (X)	NA	46.2	24.5	60.2	38.3	19.9
P/S (X)	28.7	2.1	2.0	103.0	36.1	12.9
N debt/EBITDA (ex lease,X)	0.4	(0.1)	7.5	(6.7)	(3.5)	(2.3)
Ratios & Valuations	2022	2023	2024E	2025E	2026E	2027E
P/E (X)	NA	NA	NA	753.3	227.1	68.6
P/B (X)	NA	46.2	24.5	60.2	38.3	19.9
FCF yield (%)	-	-	-	-	-	1
EV/EBITDA (excl. leases) (X)	244.6	-	-	707.5	194.0	58.0
ROE (%)	92.1	(92.2)	(15.5)	8.0	16.9	29.1
Net debt/equity (%)	0.0	9.0	6.6	(56.1)	(67.4)	(76.2)
Days inventory outst, sales	9.5	12.1	10.8	10.8	11.2	10.9
Receivable days	16.2	5.3	22.5	16.0	16.0	15.5
Turnover (X)	22.59	68.92	16.2	20.0	22.0	23.0
Leverage (X)	(1.6)	9.0	6.6	1.1	1.1	1.1
BVPS (USD)	(0.042)	0.193	0.517	0.653	1.026	1.971
Growth & Margins (%)	2022	2023	2024E	2025E	2026E	2027E
Total revenue growth	NA	96.5	42.43	210.0	185.0	180.0
EBITDA growth	NA	61.3	(18.3)	207.1	261.7	227.6
EPS growth	NA	(61.1)	(18.4)	187.8	275.9	231.2
Gross Margin	22.7	32.8	52.27	55.0	55.5	56.0
SG&A % of revenue	83.9	77.1	89.94	30.0	28.5	28.0
R&D % of revenue	0.0	0.0	0.0	1.0	1.0	1.0
Other operating exp % of revenue	84.1	83.2	94.18	10.00	8.50	6.50
EBIT margin	(61.4)	(50.4)	(41.9)	13.7	18.0	21.3
EBITDA margin	(61.2)	(50.3)	(41.8)	14.4	18.3	21.4
Net income margin	(60.3)	(80.4)	(44.4)	13.7	15.9	18.8

Source: Capital IQ, uSMART Estimate, uSmart Global Research

## Exhibit 25: ATGL P&amp;L

Income Statement (USD '000)	2022	2023	2024E	2025E	2026E	2027E
<b>Total revenue</b>	<b>565.0</b>	<b>1,110.0</b>	<b>1,581.0</b>	<b>4,901.1</b>	<b>13,968.1</b>	<b>39,110.8</b>
Cost of goods sold	(437.0)	(746.0)	(755.0)	(2,205.5)	(6,215.8)	(17,208.7)
SG&A	(474.0)	(856.0)	(1,422.0)	(1,470.3)	(3,980.9)	(10,951.0)
Amort. of Goodwill and Intangibles	0.0	(65.0)	(65.0)	(65.0)	(65.0)	(65.0)
Other operating inc./(exp.)	(475.0)	(923.0)	(1,489.0)	(490.1)	(1,187.3)	(2,542.2)
<b>EBITDA</b>	<b>(346.0)</b>	<b>(558.0)</b>	<b>(660.0)</b>	<b>706.8</b>	<b>2,556.3</b>	<b>8,374.2</b>
Depreciation & amortization	1.0	1.0	2.0	36.7	37.2	30.4
<b>EBIT</b>	<b>(347.0)</b>	<b>(559.0)</b>	<b>(662.0)</b>	<b>670.2</b>	<b>2,519.1</b>	<b>8,343.8</b>
Net interest inc./(exp.)	(11.0)	(10.0)	(13.0)	0.0	0.0	0.0
Other non-operating inc./(exp.)	27	12	111	-	-	-
<b>Pre-tax profit</b>	<b>(331.0)</b>	<b>(557.0)</b>	<b>(564.0)</b>	<b>670.2</b>	<b>2,519.1</b>	<b>8,343.8</b>
Provision for taxes	(9.0)	(32.0)	-	-	296.0	980.4
Preferred dividends	-	-	-	-	-	-
<b>Net inc. (pre-exceptionals)</b>	<b>(340.0)</b>	<b>(589.0)</b>	<b>(564.0)</b>	<b>670.2</b>	<b>2,223.1</b>	<b>7,363.4</b>
Post-tax exceptionals	0.0	(303.0)	(138.0)	-	-	-
<b>Net inc. (post-exceptionals)</b>	<b>(340.0)</b>	<b>(892.0)</b>	<b>(702.0)</b>	<b>670.2</b>	<b>2,223.1</b>	<b>7,363.4</b>
<b>EPS (basic, pre-except) (USD)</b>	<b>(17.03)</b>	<b>(0.07)</b>	<b>(0.050)</b>	<b>0.044</b>	<b>0.146</b>	<b>0.482</b>
<b>EPS (diluted, pre-except) (USD)</b>	<b>(17.03)</b>	<b>(0.07)</b>	<b>(0.050)</b>	<b>0.044</b>	<b>0.146</b>	<b>0.482</b>
<b>EPS (basic, post-except) (Rmb)</b>	<b>(17.03)</b>	<b>(0.07)</b>	<b>(0.050)</b>	<b>0.044</b>	<b>0.146</b>	<b>0.482</b>
<b>EPS (diluted, post-except) (Rmb)</b>	<b>(17.03)</b>	<b>(0.07)</b>	<b>(0.050)</b>	<b>0.044</b>	<b>0.146</b>	<b>0.482</b>

Source: Capital IQ, uSMART Estimate, uSmart Global Research

## Exhibit 26: ATGL B/S

Balance Sheet (USD '000)	2022	2023	2024E	2025E	2026E	2027E
Cash & cash equivalents	357.0	463.0	5,379.0	7,734.7	12,248.6	23,174.0
Accounts receivable	1.0	32.0	164.0	214.8	612.3	1,660.9
Other receivable	171.0	87.0	6.0	145.0	429.9	1,172.7
Other current assets	249.0	2,677.0	74.0	1,799.0	1,799.0	1,800.0
<b>Total current assets</b>	<b>778.0</b>	<b>3,259.0</b>	<b>5,623.0</b>	<b>9,893.6</b>	<b>15,089.8</b>	<b>27,807.6</b>
Net PP&E	57.0	28.0	216.0	186.7	158.0	137.7
Net intangibles	0.0	1,888	1,860	2,000	2,000	2,001
<b>Total assets</b>	<b>835.0</b>	<b>5,175.0</b>	<b>7,699.0</b>	<b>12,080.2</b>	<b>17,247.8</b>	<b>29,946.2</b>
Unearned revenue	832.0	768.0	225	455	455	455
Short-term debt	87	72	187	2,000	2,000	2,000
Accrued exp	220	1,518	132	158	190	228
Short-term lease liabilities	14.0	15.0	83.0	241.0	241.0	241.0
Other current liabilities	0.0	195.0	257.0	42.0	42.0	42.0
<b>Total current liabilities</b>	<b>1,153.0</b>	<b>2,568.0</b>	<b>884.0</b>	<b>2,896.4</b>	<b>2,928.1</b>	<b>2,966.1</b>
Long-term debt	187	116	39	-	-	-
Long-term lease liabilities	33.0	18.0	131.0	569.0	569.0	569.0
Other long-term liabilities	-	-	-	-	-	-
<b>Total long-term liabilities</b>	<b>220.0</b>	<b>134.0</b>	<b>170.0</b>	<b>569.0</b>	<b>569.0</b>	<b>569.0</b>
<b>Total liabilities</b>	<b>1,373.0</b>	<b>2,702.0</b>	<b>1,054.0</b>	<b>3,465.4</b>	<b>3,497.1</b>	<b>3,535.1</b>
Preferred shares	-	-	-	-	-	1
Total common equity	(538.0)	2,474.0	6,646.0	8,614.8	13,750.7	26,411.1
<b>Minority interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>Total liabilities &amp; equity</b>	<b>835.0</b>	<b>5,176.0</b>	<b>7,700.0</b>	<b>12,080.2</b>	<b>17,247.8</b>	<b>29,947.2</b>
Net debt, adjusted	(36.0)	(242.0)	(4,940.0)	(4,924.7)	(9,438.6)	(20,364.0)

Source: Capital IQ, uSMART Estimate, uSmart Global Research

## Exhibit 27: ATGL Cash Flow Statement

Cash Flow (USD '000)	2022	2023	2024E	2025E	2026E	2027E
Net income	(340.0)	(892.0)	(702.0)	670.2	2,223.1	7,363.4
D&A add-back	18.0	33.0	27.0	37.7	39.5	34.4
Other Amortization add-back	0.0	65.0	65.0	65.0	65.0	65.0
Other non-cash adj	0.0	2.0	0.0	-	-	-
Change in net (inc)/dec working capital	605.0	(121.0)	(650.0)	189.9	682.3	1,791.4
Other operating cash flow	19.0	-	1.0	175.0	175.0	175.0
Bad debt writeoff	40.0	(13.0)	(13.0)	1,000.0	1,000.0	1,000.0
Change in other net operating assets/liab	(142.0)	1,439.0	(1,237.0)	-	-	-
<b>Cash flow from operations</b>	<b>200.0</b>	<b>513.0</b>	<b>(2,509.0)</b>	<b>2,137.7</b>	<b>4,184.9</b>	<b>10,429.2</b>
Capital expenditures	(3.0)	(6.0)	(4.0)	(10.0)	(13.0)	(16.9)
Cash Acquisition	-	(1,277.0)	-	-	-	-
Invest. in marketable & equity securt.	52.0	0.0	(6.0)	-	-	-
Others	0.0	0.0	-	-	-	-
<b>Cash flow from investing</b>	<b>49.0</b>	<b>(1,283.0)</b>	<b>(10.0)</b>	<b>(10.0)</b>	<b>(13.0)</b>	<b>(16.9)</b>
Issuance of ST debt	-	228	152	228	342	513
Issuance of LT debt	-	-	138	152	167	184
Total Debt repaid	-74	-324	-118	-153	-199	-259
Issuance of Common Stock	-	1,277	8,047	-	-	-
Other financing cash flows	-	-306	-815	-	-	-
<b>Cash flow from financing</b>	<b>(74.0)</b>	<b>875.0</b>	<b>7,404.0</b>	<b>228</b>	<b>342</b>	<b>513</b>
Foreign Exchange Rate Adj.	(438.0)	(26.0)	-	-	-	-
<b>Total cash flow</b>	<b>(263.0)</b>	<b>79.0</b>	<b>4,885.0</b>	<b>2,355.7</b>	<b>4,513.9</b>	<b>10,925.3</b>

Source: Capital IQ, uSMART Estimate, uSmart Global Research

## 5. Risk Factors

- ❑ Competitive pressure from established AI development platforms and tech giants with larger R&D budgets and more extensive enterprise relationships could challenge ATGL's market positioning and pricing power.
- ❑ Enterprise AI adoption rates in Asia may progress slower than anticipated, particularly among traditional industries, potentially affecting growth trajectory and revenue targets.
- ❑ Given the company's early commercialization stage, delays in enterprise client conversion or longer-than-expected deployment cycles could impact cash flow and revenue ramp-up.
- ❑ The effectiveness of ATGL's AI development acceleration claims (3-hour vs. 6-9 months) may face scrutiny as deployment scales, potentially affecting market credibility and adoption rates.
- ❑ Substantial investments in platform development and AI capabilities may not yield expected technological advantages; potential loss of key academic partnerships or technical talent could impact competitive edge.
- ❑ Regulatory changes in AI governance, data privacy, and cross-border data flow regulations, particularly in Hong Kong and broader Asia, may affect operational flexibility and compliance costs.

## Ratings and related definitions

### Company short-term ratings

Stock ratings of Buy, Hold and Sell have a time horizon of 6 months from the publishing date of the initiation or subsequent rating/price target change report issued for the subject company's stock.

**Buy** - The subject company's stock price should outperform the typical benchmark market index (eg. HSI) by 20% or above.

**Hold** - The subject company's stock price should outperform the typical benchmark market index by 5-20%.

**Neutral** - The subject company's stock price change is within  $\pm 5\%$  compared to the benchmark index.

**Rating Suspended** - No judgment is made on the company's stock performance in the next 12 months.

### Company long-term ratings

**A** - The company's long-term growth potential is above the industry comparable average level.

**B** - The company's long-term growth potential is in line with the industry comparable average level.

**C** - The company's long-term growth potential is below the industry comparable average level.

### Sector ratings and definitions

Over the 6-month period from the publishing date of the initiation or subsequent rating/price target change, the performance of the industry index relative to the concurrent market benchmark (HSI) is used as the standard:

**Overweight** - The industry fundamentals are favorable, and the industry index outperforms the benchmark by more than 10%.

**Neutral** - The industry fundamentals are stable, and the industry index moves within  $\pm 5\%$  of the benchmark.

**Underweight** - The industry fundamentals are weak, and the industry index is expected to underperform the benchmark by more than -10%.

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