

SUMMARY

This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by and should be read in conjunction with, the full document. You should read the whole document before you decide to invest in the [REDACTED]. There are risks associated with any investment. Some of the particular risks in investing in the [REDACTED] are set forth in the section headed “Risk Factors” in this document. You should read that section carefully before you decide to invest in the [REDACTED].

BUSINESS OVERVIEW

OUR MISSION

Our mission is to become a globally leading IDC solution service and edge computing service provider, making the world a better place.

WHO WE ARE

We are the 2nd largest carrier-neutral IDC solution service provider solely adopting the non-self-built data centre model in terms of revenue in 2021, according to the Frost and Sullivan Report.

We provide comprehensive and reliable IDC Solution Services to our clients. We were one of the first movers in the development of the Internet data centre business in Shandong Province together with one of the state-owned telecommunication carriers, Supplier A. According to the Frost and Sullivan Report, we have become one of the most important ecosystem partners of Supplier A in the area of data centre operation in North China and Jiangsu Province.

Leveraging our established relationships with Supplier A, we have developed the loyal and fast-growing relationships with our large and market-leading clients, who are primarily top-notch clouding computing service providers, Internet companies and blue-chip listed companies in the PRC. During the Track Record Period, our total revenue in the IDC Solution Services segment surged from RMB249.3 million in 2020 to RMB538.7 million in 2022 at a CAGR of 47.0%. We attribute our success partly to our extensive national and cross-regional presence of data centres in 18 provinces and 35 cities which are relatively more economically developed. As at 31 December 2022, our Group’s bandwidth usage amounted to an aggregate of more than 83,000 Gbps from our managed data centres.

We are also one of the pioneers in the development of the cross-regional edge computing network in prefecture-level cities and administrative districts and counties (the “**cross-regional edge computing network**”) in the PRC. Our such edge computing network minimises the need to process data remotely in the data centre and thus increases the responsiveness and throughput of applications, saves bandwidth and improves customers’ user experience, according to the Frost and Sullivan Report. We launched our Edge Computing Services in 2022 under the brand of *Lingjing Cloud* and realised revenue of RMB5.2 million for the year ended 31 December 2022. For the four months ended 30 April 2023, we already entered into several contracts with our clients in relation to the Edge Computing Services. As at the Latest Practicable Date, our Group preliminarily established the coverage of cross-regional edge computing network for the operation of our *Lingjing Cloud* in North China.

OUR BUSINESS MODEL

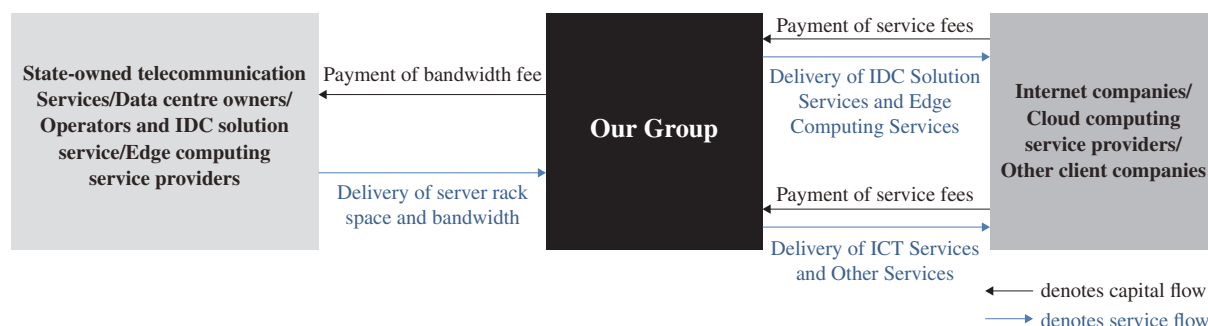
Our IDC Solution Services and Edge Computing Services are important parts of the cloud supply chain. Our operation commences upon clients’ enquires and request for our IDC Solution Services and/or Edge Computing Services. We source data centre resources, mainly bandwidth, from state-owned telecommunication carriers or other small-and-medium data centre owners and operators. They generally charge us in bulk and fixed amount based on the number of packet ports we procure from them. After feasibility analysis through internal discussion, we will provide IDC solution advice and deliver our IDC Solution Services and/or Edge Computing Services to our clients. In this regard, we can provide flexible, tailor-made, geographically extensive and localised, enhanced and competitive services to our clients without owning data centre establishments.

We usually provide our ICT Services and Other Services on a project basis per client’s occasional enquiries and requests.

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For details of our pricing model, please refer to the paragraph headed “Business — Our IDC Solution Services and Edge Computing Services Operation Processes” in this document.

The following diagram illustrates our solution services supply chain:



WHAT MAKES US UNIQUE

The Efficacy of Our Business Model

Our non-self-built and client-driven business model has put us at an unique and advantageous position over our competitors for the following reasons:

Operational and financial agility: The characteristics of our IDC solution services differentiate us from other data centre owners and operators. Data centre owners and operators are generally subject to significant volatility in input costs and substantial fixed and start-up costs with longer payback period. In contrast, we adopt a non-self-built data centre model and have relatively more flexible cash flows and lower level of initial capital requirement.

Cross-regional network: Our services are not confined to a particular area or province because our reach is national. According to the Frost and Sullivan Report, first-class cloud computing service providers and Internet companies in the PRC prefer suppliers with national network who can satisfy their evolving expansion strategies. For details, please refer to the paragraph headed “Business — Our Strengths — Highly efficient, flexible, and scalable business model with proven track records” in this document. Our extensive network also enables us to implement our Lower-tier Regions Network Strategy (下沉戰略) and widen service offerings to include our Edge Computing Services under the brand of *Lingjing Cloud*.

Bandwidth traffic scheduling: Our profitability depends partially on our consolidation and scheduling capabilities of our client’s bandwidth usage. We usually purchase fixed bandwidth from our suppliers based on the number of packet ports, and provide such bandwidth to our clients, charging them by their usage. Thus, we may run the risk of idling bandwidth capacity if our clients’ demand falls short of our fixed capacity. Our Edge Computing Services under the brand of *Lingjing Cloud* provides an important infrastructure of scheduling the bandwidth usage among our clients, thereby improving their network performance as well as their customers’ user experience and enhancing our profitability.

Established relationships with state-owned telecommunication carriers: Leveraging the serve rack space and bandwidth that we mainly source from the state-owned telecommunication carriers, we can provide comprehensive and reliable IDC Solution Services and Edge Computing Services to our top-notch cloud computing service provider and Internet company clients. Our services are complementary to Supplier A in the IDC solution service segment. For details, please refer to the paragraphs headed “Business — Our Strengths — Solid and mutually complementary relationships with upstream telecommunication carriers and cross-regional IDC resource suppliers” and “Business — Our Suppliers” in this document.

Rich industry experience and reliable technology: With our experienced and qualified management team, engineers and operation personnel and our well-devised protocols and procedures, we have been able to deliver satisfactory and quality services to our top-notch clients. During the Track Record Period, to the best of our Directors’ knowledge and belief, we did not receive any material complaints which had any material impact on our operation or reputation. Our churn rates during the Track Record Period were low. For details, please refer to the paragraphs headed “Business — Our Strengths — Visionary and experienced management team” and “Business — Our Clients — Colocation and Infrastructure management services agreement — Termination” in this document.

SUMMARY

WHAT DO WE OFFER

We primarily provide the following services:

- *IDC Solution Services*: include the stage of pre-contractual consultation and feasibility advice, and the services include the provision of colocation services and infrastructure management services. This offers our clients with server cabinet, Internet connectivity, and bandwidth usage.
- *Edge Computing Services under the brand of Lingjing Cloud*: include CDN Services and the functionality which has been traditionally delivered by hardware-centric appliances. This offers our clients low-latency, low-lagging and high-speed downloading content delivery services, accurate edge node deployment and high cache hit rate which enhance their operational efficiency.
- *ICT Services and Other Services*: include information communications technology solution to our clients on a project basis, system development and maintenance, consultation services and provision of cloud computing hardware resources. We also provide short message services, phone plan recharge service and WeChat corporate mini-application development services.

STRENGTHS

We believe the following competitive advantages have contributed to our success and will continue drive our growth in the future:

- One of the leaders in the fast-growing IDC solution service market with strong brand recognition in the PRC, capturing the enormous unreached potential of the fast-growing Web 3.0 market;
- Loyal and fast-growing relationships with our large and market-leading clients;
- Solid and mutually complementary relationships with upstream telecommunication carriers and cross-regional IDC resource suppliers;
- Highly efficient, flexible, and scalable business model with proven track records;
- One of the pioneers in the development of the cross-regional edge computing network in the prefecture-level cities and administrative districts and counties in the PRC; and
- Visionary and experienced management team.

For details, please refer to the paragraph headed “Business — Our Strengths” in this document.

STRATEGIES

To achieve our mission, we intend to pursue the following strategies:

- Expand our market share by deepening our relationships with our existing clients and increase our service offerings;
- Pursue regional opportunities horizontally and deepen service offerings vertically;
- Heighten resources dedication to our research and development team to further enhance our Internet data centre platform’s operational efficiency; and
- Further expand our presence through organic growth and strategic acquisitions.

For details, please refer to the paragraph headed “Business — Our Strategies” in this document.

OUR CLIENTS AND SUPPLIERS

Our clients

Our clients primarily consist of top-notch cloud computing service providers, Internet companies and blue-chip listed companies in the PRC. For the years ended 31 December 2020, 2021 and 2022, our revenue generated from our five largest clients accounted for 71.3%, 74.8% and 77.5%, respectively, of our revenue during the same period. For details, please refer to the paragraph headed “Business — Our Clients” in this document.

Our suppliers

Our major suppliers are state-owned telecommunication carriers and small-and-medium data centre owners and operators in the PRC. Charges from our five largest suppliers for the years ended 31 December 2020, 2021 and 2022 accounted for 94.3%, 89.2% and 92.2%, respectively, of our cost of sales during the same period. For details, please refer to the paragraph headed “Business — Our Suppliers” in this document.

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RISK FACTORS

Our business and the [REDACTED] involve certain risks as set out in section headed “Risk Factors” in this document. You should read that section in its entirety carefully before you decide to invest in our Shares. The following is a non-exhaustive list of some of the major risks we face:

- A slowdown in the demand for our IDC Solution Services could have a material adverse effect on us;
- Any inability to manage the growth of our operations could disrupt our business and reduce our profitability;
- Our ability to provide IDC Solution Services depends on the major telecommunications carriers in China providing sufficient network services to our clients in the data centre facilities that we operate on commercially acceptable terms;
- If we are not successful in expanding our service offerings, we may not achieve our financial goals and our results of operations may be adversely affected;
- If we fail to adopt and respond effectively to rapidly changing technology, evolving industry standards, changing regulations, and changing client needs, requirements, or preferences, our products may become less competitive;
- Any significant or prolonged failure in the data centre facilities covered in our operation or services we provide would lead to significant costs and disruptions and would reduce our net revenue, harm our business reputation and have a material adverse effect on our results of operation; and
- Our strategy of making strategic expansion and investments may fail and may result in material and an adverse impact on our financial condition and results of operations.

For details, please refer to the section headed “Risk Factors” in this document.

CONTRACTUAL ARRANGEMENTS

Our provision of IDC Solution Services and Edge Computing Services are subject to foreign investment restrictions under the PRC laws and regulations. The provision of IDC Solution Services and Edge Computing Services falls within the scope of value-added telecommunication services. After consultation with our PRC Legal Adviser, we determined that it was not viable for our Company to hold Cloud Factory and its subsidiaries directly through equity ownership. Instead, we decided that, in line with common practices in the industries subject to foreign investment restrictions in the PRC, we would gain effective control over the Consolidated Affiliated Entities through the Contractual Arrangements among, Wuxi Lingjingyun, Cloud Factory and the Registered Shareholders. For details, please refer to the section headed “Contractual Arrangements” in this document.

On 15 March 2019, the National People’s Congress approved the Foreign Investment Law (外商投資法) which became effective on 1 January 2020. On 26 December 2019, the State Council issued the Implementation Rule (外商投資法實施條例) (the “**Implementation Rules**”), which came into effect on 1 January 2020. The Foreign Investment Law replaced the Law on Sino-Foreign Equity Joint Ventures (中外合資經營企業法) and the Law on Foreign-Capital Enterprises (外資企業法) to become the legal foundation for foreign investment in the PRC. The definition of “foreign investors” in the Foreign Investment Law and its implementing regulations include foreign natural persons, enterprises and other organisations, which does not include enterprises incorporated within the territory of China in accordance with Chinese laws but controlled by foreign natural persons or entities. Moreover, the Implementation Rules are also silent on whether foreign investment includes contractual arrangements. For details, please refer to the section headed “Contractual Arrangements” in this document.

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SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Summary of consolidated statements of comprehensive income

The following table sets forth our consolidated statements of comprehensive income with line items in absolute amounts for the periods indicated, which is extracted from the Accountants’ Report set out in Appendix I to this document:

	Year ended 31 December		
	2020	2021	2022
	RMB’000	RMB’000	RMB’000
CONTINUING OPERATIONS			
Revenue	276,064	464,276	548,753
Cost of sales	(222,072)	(407,840)	(479,810)
Gross profit	53,992	56,436	68,943
Other income and gains	283	3,476	476
Selling and distribution expenses	(2,662)	(3,567)	(5,087)
Administrative expenses	(9,137)	(22,229)	(29,880)
Research and development expenses	(10,569)	(17,024)	(23,574)
Impairment losses on financial assets	(160)	114	(465)
Other expenses	(207)	(183)	(388)
Finance costs	(1,969)	(2,290)	(2,362)
PROFIT BEFORE TAX FROM CONTINUING OPERATION	29,571	14,733	7,663
Income tax expense	(4,186)	(2,048)	371
Profit/(loss) and total comprehensive income/(loss) for the year/period	<u>25,385</u>	<u>12,685</u>	<u>8,034</u>
Profit/(loss) and total comprehensive income/(loss) for the year/period is attributable to:			
— owners of the parent	<u>25,385</u>	<u>12,685</u>	<u>8,034</u>

Non-IFRS Measure: adjusted net profit

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use adjusted net profit (defined below) as an additional financial measure, which is not required by, or presented in accordance with IFRS. We believe that the presentation of this non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance such as [REDACTED]. We believe that this measure provides useful information to investors in understanding and evaluating our Group’s consolidated results of operations in the same manner as they do for our Group’s management. However, the use of non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRS. In addition, the non-IFRS financial measures may be defined differently from similar terms used by other companies.

We define “adjusted net profit” as profit/loss for the year or period and add back [REDACTED] because such expenses are one-off in nature. During the Track Record Period, our [REDACTED] referred to expenses we incurred in connection with the [REDACTED].

The following table sets forth the reconciliations of our non-IFRS financial measure for the years ended 31 December 2020, 2021 and 2022 to the nearest measure prepared in accordance with IFRS:

	Year ended 31 December		
	2020	2021	2022
	RMB’000	RMB’000	RMB’000
Net profit	25,385	12,685	8,034
Adjust for:			
[REDACTED]	—	[REDACTED]	[REDACTED]
Adjusted net profit	<u>25,385</u>	<u>20,929</u>	<u>13,617</u>

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Our adjusted net profit (non-IFRS measure) amounted to RMB25.4 million, RMB20.9 million and RMB13.6 million for the years ended 31 December 2020, 2021 and 2022 respectively. Our adjusted net profit margin (non-IFRS measure) was 9.2%, 4.5% and 2.5% for the years ended 31 December 2020, 2021 and 2022 respectively.

Revenue

Operating segments

The following table sets forth a breakdown of our revenue by segments for the years indicated:

During the Track Record Period, we generated revenue from three operating segments: (i) IDC Solution Services; (ii) Edge Computing Services; and (iii) ICT Services and Other Services. The IDC Solution Services are currently the largest segment, which accounted for 90.3%, 94.2% and 98.2% of our revenue for the three years ended 31 December 2022.

	For the years ended 31 December					
	2020		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%
IDC Solution Services	249,251	90.3	437,232	94.2	538,662	98.2
Edge Computing Services	—	—	—	—	5,202	0.9
ICT Services and Other Services	26,813	9.7	27,044	5.8	4,889	0.9
Total	276,064	100.0	464,276	100.0	548,753	100.0

Our revenue increased significantly by 68.2% from RMB276.1 million in 2020 to RMB464.3 million in 2021 and further increased by 18.2% to RMB548.8 million in 2022. The increase was primarily attributable to (i) business expansion and our clients' rising demand for our IDC Solution Services; (ii) an increase in revenue from our major clients due to our emphasis on our cooperation with major clients; (iii) continued introduction of new major clients to our services; and (iv) the launch of our Edge Computing Services under the brand of *Lingjing Cloud*. For details, please refer to the paragraph headed “Financial Information — Description of Major Components of our Result of Operations — Revenues” in this document.

Pricing models

We generally charge our clients by a mix of the 95th Percentile Bandwidth Charging Model and the Packet Port Charging Model (as defined in the paragraph headed “Business — Our IDC Solution Services and *Lingjing Cloud* Operation Processes” in this document). The following table sets forth the revenue breakdown of (chargeable by bandwidth usage) our IDC Solution Services by the different pricing models.

	For the year ended 31 December					
	2020		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%
By the 95 th Percentile Bandwidth Charging Model	220,068	88.3	275,116	62.9	466,550	86.6
By the Packet Port Charging Model	4,307	1.7	94,527	21.6	56,595	10.5
Others ⁽¹⁾	24,876	10.0	67,589	15.5	15,517	2.9
Total	249,251	100.0	437,232	100.0	538,662	100.0

Note 1: “Others” includes revenue from IDC Solution Services chargeable by cabinet expenses, IP expenses and others

Such charging mix may vary, depending on the client's demand for bandwidth usage and supplier's varying bandwidth unit cost to us year by year. For details, please refer to the paragraph headed “Business — Our IDC Solution Services and Edge Computing Service Operation Processes” in this document.

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Cost of Sales

The following table sets forth our cost of sales by segment, both in absolute amount and as a percentage of our cost of sales for the periods indicated:

	For the years ended 31 December					
	2020		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%
IDC Solution Services	210,376	94.7	387,152	94.9	472,036	98.4
Edge Computing Services	—	—	—	—	4,244	0.9
ICT Services and Other Services	11,696	5.3	20,688	5.1	3,530	0.7
Total	222,072	100.0	407,840	100.0	479,810	100.0

Our cost of sales increase by 83.6% from RMB222.1 million for the year ended 31 December 2020 to RMB 407.8 million for the year ended 31 December 2021. The increase was mainly attributable to (i) the increase in bandwidth cost, resulting from our clients’ increased bandwidth usage, and fees consistent with business expansion in our IDC Solution Services; and (ii) a change in the skill set mix required for new projects, which was normal and customary in the market for ICT Services and Other Services.

Our cost of sales increased by 17.7% from RMB407.8 million for the year ended 31 December 2021 to RMB479.8 million for the year ended 31 December 2022. The increase was mainly attributable to (i) the increase in the bandwidth cost, resulting from our clients’ increased bandwidth usage, in line with the business growth, and (ii) the costs of our *Lingjing Cloud*.

Summary of consolidated statements of financial position

The following tables sets forth out a summary of our consolidated statements of financial positions as at the dates indicated.

	As at 31 December		
	2020	2021	2022
	RMB'000	RMB'000	RMB'000
Total non-current assets	3,667	13,356	15,924
Total current assets	169,557	239,579	297,353
Total non-current liabilities	—	—	—
Total current liabilities	146,266	215,292	267,600
Net current assets	23,291	24,287	29,753
Total equity	26,958	37,643	45,677

The following table sets out details of our current assets and current liabilities as at the dates indicated:

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	RMB'000	RMB'000	(unaudited) RMB'000
Current assets				
Trade receivables	81,666	97,581	115,066	111,095
Prepayments, other receivables and other assets	2,423	10,321	19,777	25,146
Tax recoverable	160	440	273	—
Amounts due from related parties	84,411	84,231	84,251	84,251
Cash and cash equivalents	897	47,006	77,986	21,915
	169,557	239,579	297,353	242,407
Current liabilities				
Trade payables	80,288	151,931	171,303	104,562
Other payables and accruals	8,542	15,344	24,921	11,978
Contract liabilities	2,212	133	1,849	—
Amounts due to related parties	2,247	—	—	—
Interest-bearing bank and other borrowings	47,549	42,083	67,013	102,000
Lease liabilities	618	—	192	253
Tax payable	4,810	5,801	2,322	—
	146,266	215,292	267,600	218,793
Net current assets	23,291	24,287	29,753	23,614

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We recorded net current assets of RMB23.3 million, RMB24.3 million, RMB29.8 million and RMB23.6 million as at 31 December 2020, 2021 and 2022 and 30 April 2023, primarily consisting of trade receivables and amounts due from related parties, as partially offset by trade payables and interest-bearing bank and other borrowings.

For details, please refer to the paragraph headed “Financial Information — Discussion of Certain Balance Sheet Items” in this document.

Summary of consolidated statements of cash flows

	For the years ended 31 December		
	2020	2021	2022
	RMB'000	RMB'000	RMB'000
Net cash generated from operating activities	22,962	68,279	16,554
Net cash generated from/(used in) investing activities	1,078	(5,350)	(7,389)
Net cash generated from/(used in) financing activities	(23,757)	(16,820)	21,815
Net increase in cash and cash equivalent	283	46,109	30,980
Cash and cash equivalents at beginning of year	614	897	47,006
Cash and cash equivalent at end of year	897	47,006	77,986

For details, please refer to the paragraph headed “Financial Information — Liquidity and Capital Resources” in this document.

Key financial ratios

The following table sets forth our key financial ratios/metrics for the periods indicated:

	As at 31 December		
	2020	2021	2022
Gross profit margin (%)	19.6	12.2	12.6
Net profit margin (%) ⁽¹⁾	9.2	2.7	1.5
Return on equity (%) ⁽²⁾	94.2	33.7	17.6

Notes:

1. Net profit margin is calculated based on our profit for the respective financial years attributable to owners of our Company divided by total revenue for the same period and multiplied by 100%.
2. Return on equity is calculated based on our profit for the respective financial years attributable to owners of our Company divided by the average balance of total equity attributable to owners of our Company of the beginning and end of the respective financial years and multiplied by 100%.

For details, please refer to the paragraph headed “Financial Information — Key Financial Ratio” in this document.

DIVIDENDS

We declared dividends of RMB10.0 million, RMB2.0 million, nil and RMB30.3 million to our Shareholders for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, respectively. As at the Latest Practicable Date, we settled all payment. Currently, we do not have a formal dividend policy or a fixed dividend distribution ratio.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

[REDACTED] Investment

On 3 April 2023, Hainan Yunzhi entered into an investment agreement with Mr. Sun and Wuxi Lingjingyun, pursuant to which Hainan Yunzhi acquired 1.39% equity interest of Wuxi Lingjingyun at a consideration of RMB25.0 million, which was fully settled on 4 April 2023. For details, please refer to the paragraph headed “History and Reorganisation — [REDACTED] Investment” in this document.

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Business developments

As at the Latest Practicable Date, we had entered into the Cooperation Agreement on the Construction of Artificial Intelligence and Edge Computing Joint Laboratory (人工智能與邊緣計算聯合實驗室建設合作協議書) with the College of Software of Xi'an Jiaotong University (西安交通大學軟件學院), which explores the development of Artificial Intelligence under the edge computing infrastructure. In addition, our Group preliminarily establish the coverage of cross-regional edge computing network of our *Lingjing Cloud* in Northern China. For details, please refer to the paragraph headed “Business — Our Strengths — One of the pioneers in the development of the cross-regional edge computing network in prefecture-level cities and administrative districts and counties in the PRC” in this document.

Financial developments

As of 30 May 2023, the balance of amount due from related parties RMB84.3 million had been fully settled.

No material adverse change

Save as otherwise disclosed in the section headed “Financial Information” and paragraph headed “Business — Legal Proceedings and Non-compliance” in this document, our Directors confirmed that, as at the date of this document, there has been no material adverse change in our financial or trading position or prospects since 31 December 2022, being the latest date of our consolidated financial statements as set out in Appendix I to this document, and there is no event since 31 December 2022 that would materially affect the information as set out in the Accountants’ Report in Appendix I to this document.

SHARE SUBDIVISION

On 9 March 2023, each of the issued and unissued shares of a nominal value of US\$0.1 in the share capital of our Company was subdivided into 10,000 Shares of a nominal value of US\$0.00001 each. As a result, the authorised share capital of our Company shall be US\$50,000 divided into 5,000,000,000 Shares of a nominal value of US\$0.00001 each.

LEGAL PROCEEDINGS AND NON-COMPLIANCE

As at the Latest Practicable Date, we were not engaged in any material legal, arbitration or administrative proceedings, regulatory inquiries or investigations, nor to our Directors’ knowledge were any pending or threatened against us. During the Track Record Period, we were involved in a few non-compliance incidents which were mainly related to our manner and level of contribution to employees’ social insurance and housing provident funds in the PRC. For details, please refer to the paragraph headed “Business — Legal Proceedings and Non-compliance” in this document.

[REDACTED]

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[REDACTED]

Based on the mid-point [REDACTED] of HK\$[REDACTED] and assuming [REDACTED] is not exercised, the total estimated [REDACTED] in relation to the [REDACTED] is HK\$[REDACTED] million including estimated [REDACTED]-related expenses of HK\$[REDACTED] million and non-[REDACTED]-related expenses consisting of (i) estimated fees and expenses of legal adviser(s) and Reporting Accountants of HK\$[REDACTED] million and (ii) estimated other fees and expenses of HK\$[REDACTED] million. During the Track Record Period, [REDACTED] of RMB[REDACTED] million were incurred of which RMB[REDACTED] million were charged to our consolidated statements of comprehensive income and RMB[REDACTED] million were recognised to our consolidated statements of financial position. We estimate that we will further incur [REDACTED] of RMB[REDACTED] million of which RMB[REDACTED] million will be charged to our consolidated statements of comprehensive income and RMB[REDACTED] million, which mainly includes [REDACTED], is expected to be accounted for as a deduction from equity upon the completion of [REDACTED] and the [REDACTED].

FUTURE PLANS AND [REDACTED]

We estimate that we will receive [REDACTED] of HK\$[REDACTED] million from [REDACTED] after deducting the [REDACTED] and other estimated expenses in connection with the [REDACTED], assuming the [REDACTED] is not exercised. In line with our strategies, we intend to use our [REDACTED] from the [REDACTED] over the next three years for the purposes and in the amounts set forth below:

- Approximately [REDACTED]%, or HK\$[REDACTED] million of the [REDACTED], will be used to invest in various technologies to improve our service quality and enhance operational efficiency;
- Approximately [REDACTED]%, or HK\$[REDACTED] million of the [REDACTED], will be used to enhance our *Lingjing Cloud* capabilities by developing our edge computing infrastructure;
- Approximately [REDACTED]% or HK\$[REDACTED] million of the [REDACTED], will be used to execute our recruitment plan for the components of the edge computing operation and edge cloud platform;
- Approximately [REDACTED]%, or HK\$[REDACTED] million will be used to expand our business and diversity client base by pursuing strategic investment and acquisition opportunities to implement long-term growth strategies for the development of our IDC Solution Services and Edge Computing Services;
- Approximately [REDACTED]%, or HK\$[REDACTED] million will be used to develop edge computing technology and continue to integrate new technologies into our services to better serve our clients; and
- Approximately [REDACTED]%, or HK\$[REDACTED] million will be used for working capital and general corporate purposes.

For details of our [REDACTED], please refer to the section headed “Future Plans and [REDACTED]” in this document.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Sun will indirectly hold [REDACTED], through his wholly-owned intermediary entity, namely Ru Yi IT of the issued share capital of our Company. Accordingly, Mr. Sun and Ru Yi IT will be regarded as a group of Controlling Shareholders upon [REDACTED].

[REDACTED] INVESTOR

In April 2023, we received one round of investment from our [REDACTED] Investor, Hainan Yunzhi. For details of the identity and background of the [REDACTED] Investor, and the principal terms of the [REDACTED] Investment, please refer to the paragraph headed “History and Reorganisation — [REDACTED] Investment” in this document.

[REDACTED] RSU SCHEME

We have conditionally adopted the [REDACTED] RSU Scheme. The principal terms of such [REDACTED] RSU Scheme are summarised in the paragraph headed “Statutory and General Information — D. [REDACTED] RSU Scheme” in Appendix IV to this document.