

**HISTORY AND REORGANISATION**

**OVERVIEW**

Our business commenced in October 2013 when Mr. Sun and Mr. Ji co-founded Jiangsu Yiru, a company which was initially engaged in ICT Services and Other Services related business. The business of our Group was later expanded to IDC Solution Services in January 2016 when one of our main Consolidated Affiliated Entities, Cloud Factory, was established. Over the years, we developed, operated and delivered primarily IDC Solution Services which contributed to the majority of our revenue. As at the Latest Practicable Date, we had developed established bonds with our major suppliers, state-owned telecommunication carriers, whose infrastructure support formed the backbone of our IDC Solution Services. We ranked the 11<sup>th</sup> in the Internet data centre industry among carrier-neutral service providers in terms of revenue with a market share of 0.6%, according to the Frost and Sullivan Report. Leveraging our success of our IDC Solution Service operation, we launched Edge Computing Services under the brand of *Lingjing Cloud* in 2022. We started to realise revenue from our Edge Computing Services in 2022. For details, please refer to the paragraph headed “Business — Our Services — Edge Computing Services” in this document.

Our founders, Mr. Sun, our executive Director and the chairman of our Board, together with Mr. Ji, our executive Director and deputy general manager of our Group, established Jiangsu Yiru and Cloud Factory, our main Consolidated Affiliated Entity. Mr. Sun funded his initial investment in Jiangsu Yiru and Cloud Factory with his own resources and savings. For further details of the background and experience of Mr. Sun and Mr. Ji, please refer to the section headed “Directors and Senior Management” in this document.

In preparation for the [REDACTED] and in order to streamline our corporate structure, we implemented the Reorganisation to consolidate our interests in Cloud Factory. For details of the Reorganisation, please refer to the paragraph headed “History and Reorganisation — Our Reorganisation” of this section.

**OUR MILESTONES**

The following table sets forth our key development milestones:

<u>Year</u>	<u>Event</u>
2013	<ul style="list-style-type: none"> <li>● Jiangsu Yiru, one of our main Consolidated Affiliated Entities, was established.</li> </ul>
2015	<ul style="list-style-type: none"> <li>● Cloud Factory, one of our main Consolidated Affiliated Entities, was established.</li> </ul>

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<u>Year</u>	<u>Event</u>
2016	<ul style="list-style-type: none"><li>• We obtained the ICP Licence and began operating as a data centre solution service provider. We started providing comprehensive colocation and infrastructure management services and procuring data centre resources from state-owned telecommunications carriers.</li><li>• We secured partnership with Supplier A in the establishment of data centres and joint exploration of data centre solution service market in Shandong Province.</li></ul>
2017	<ul style="list-style-type: none"><li>• We began cooperating with Supplier A in other provinces and cities in the PRC.</li></ul>
2018	<ul style="list-style-type: none"><li>• We were recognised as a “High and New Tech Enterprise” (高新技術企業) by Jiangsu Provincial Department of Science and Technology (江蘇省科學技術廳), Jiangsu Provincial Department of Finance (江蘇省財政廳) and Jiangsu Provincial Administration of Taxation of the STA (國家稅務總局江蘇省稅務局).</li><li>• We obtained our first order from Client B, a leading AI company with a strong Internet foundation, based in the PRC and listed on the Stock Exchange, to whom we provided IDC Solution Services. Since then Client B had remained one of our five largest clients during the Track Record Period.</li></ul>
2019	<ul style="list-style-type: none"><li>• Cloud Factory was admitted into the Cultivation Database of Wuxi Gazelle Enterprises (無錫市瞪羚企業培育庫) as a fast growing innovation enterprise by the Wuxi Municipal Science and Technology Bureau (無錫市科學技術局).</li></ul>
2020	<ul style="list-style-type: none"><li>• We secured orders for IDC Solution Services from a number of industry-leading cloud computing service providers and Internet companies in the PRC who became our new important clients. For details, please refer to the paragraph headed “Business — Our Clients” in this document.</li><li>• We obtained ISO 20000 certification for information technology services management system and ISO 27001 certification for information security management system.</li></ul>
2021	<ul style="list-style-type: none"><li>• We obtained orders from another leading TMT company in the PRC which is listed on the Stock Exchange.</li></ul>

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<u>Year</u>	<u>Event</u>
2022	<ul style="list-style-type: none"><li>• We launched our Edge Computing Services and obtained our first order.</li><li>• We began cooperation with a government-funded scientific research institute to jointly conduct Metaverse research and development and set up a joint innovation laboratory.</li></ul>
First half 2023	<ul style="list-style-type: none"><li>• We obtained the [REDACTED] Investment for a total amount of RMB25,000,000.</li><li>• Our Group 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).</li><li>• Our Group entered into a cooperation framework agreement on the development and application of intelligent new energy commercial vehicle with a commercial vehicle manufacturer and a technology company.</li><li>• Our Group preliminarily established the coverage of cross-regional edge computing network for the operation of our <i>Lingjing Cloud</i> in North China.</li></ul>

For more details, please refer to the paragraph headed “Business — Awards and Recognition” in this document.

## CORPORATE DEVELOPMENT

### Our Company

Our Company was incorporated on 10 December 2021 in the Cayman Islands as an exempted company with limited liability with an initial authorised share capital of US\$50,000.00 divided into 500,000 ordinary shares of US\$0.1 each.

Our Company’s principal business is investment holding. For details of the changes in the share capital of our Company, please refer to the paragraph headed “History and Reorganisation — Our Reorganisation — The offshore restructuring” of this section. As a result of the Reorganisation, our Company is able to exercise control over the operations of and enjoy the economic benefits of the Consolidated Affiliated Entities. For further details, please refer to the paragraph headed “History and Reorganisation — Our Reorganisation” of this section.

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### Our major subsidiaries and Consolidated Affiliated Entities

The following table sets forth certain information of our subsidiaries and Consolidated Affiliated Entities during the Track Record Period:

Name of Company	Date of Incorporation	Equity Interest Held by the Group	Place of Establishment	Principal Businesses
Wuxi Lingjingyun	17 May 2022	98.61%	PRC	Provision of technical support and consultation in relation to the Contractual Arrangements
Wuxi Xiankai	22 May 2020	100%	PRC	Provision of ICT Services and Other Services
Cloud Factory	11 December 2015	100%	PRC	Provision of IDC Solution Services, Edge Computing Service and ICT Services and Other Services <sup>(2)</sup>
Shandong Dianya	20 July 2018	100%	PRC	Provision of IDC Solution Services and ICT Services and Other Services <sup>(2)</sup>
Shanghai Xiaojiang	26 April 2021	100%	PRC	Provision of ICT Services and Other Services
Jiangsu Yiru	29 October 2013	100%	PRC	Provision of IDC Solution Services, Edge Computing Service and ICT Services and Other Services <sup>(2)</sup>
Yun Ruitian	29 January 2016	100%	PRC	Provision of IDC Solution Services

*Note:*

- (1) For an explanation of the group structure with Our Consolidated Affiliated Entities, please refer to the paragraph headed “History and Reorganisation — Corporate Development — Our subsidiaries and Consolidated Affiliated Entities” of this section.
- (2) The operation of ICT Services and Other Services, which are not subject to foreign investment restrictions under the PRC laws and regulations, has been transferred to WFOE or its subsidiaries since the Reorganisation, which took place during the Track Record Period, in order that the operations under the Consolidated Affiliated Entities no longer included the ICT Services and Other Services as at the Latest Practicable Date and that the Contractual Arrangements are narrowly tailored. For details, please refer to the paragraph headed “Contractual Arrangements — Background of the Contractual Arrangements” in this document.

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### Our subsidiaries and Consolidated Affiliated Entities

#### *Cloud Factory*

During the Track Record Period, Cloud Factory was one of our main operating companies which principally engaged in the business of provision of (i) IDC Solution Services including the provision of colocation services and infrastructure management services; (ii) Edge Computing Services under the brand of *Lingjing Cloud*; and (iii) ICT Services and Other services.

#### *Establishment of Cloud Factory*

Cloud Factory was established as a limited liability company on 11 December 2015 in the PRC with an initial registered capital of RMB20,000,000. After certain equity transfers all completed prior to the Track Record Period, the shareholding structure of Cloud Factory immediately prior to the commencement of the Reorganisation in December 2021, was as follows:

<u>Shareholders</u>	<u>Shareholding</u>
Jiangsu Hanju	76.1%
Wuxi Bangtai	23.9%

For details on certain entrustment arrangements and the restoration in relation to equity interest in Wuxi Bangtai pursuant to the Reorganisation, please refer to the paragraph headed “History and Reorganisation — Our Reorganisation — The onshore restructuring — The change in equity interest in Wuxi Bangtai” of this section.

#### *Wuxi Xiankai*

#### *Establishment of Wuxi Xiankai*

Wuxi Xiankai was established on 22 May 2020 as a limited liability company under the laws of the PRC with an initial registered capital of RMB5,000,000. It was initially owned by Ms. Zhou Saiping, mother of Mr. Cai Yuxuan (蔡羽軒) (“**Mr. Cai**”), an ex-employee of our Group, as to 49.0% and Ms. Tan Yamin, spouse of Mr. Cai, as to 51.0%, both of whom held the relevant equity interests on trust for Mr. Sun for convenience purpose to handle administrative matters. As confirmed by our PRC Legal Adviser, such entrustment arrangements relating to Wuxi Xiankai above did not violate any laws or regulations in the PRC.

All the above entrustment arrangements relating to Wuxi Xiankai were unwound during the Reorganisation. For details, please refer to the paragraph headed “History and Reorganisation — Our Reorganisation — The Onshore Restructuring — V. Acquisition of the entire equity interest in Wuxi Xiankai by Wuxi Lingjingyun” of this section.

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### *Shandong Dianya*

Shandong Dianya was established as a limited liability company on 20 July 2018 in the PRC with an initial registered capital of RMB10,000,000.

After certain equity transfers all completed in 2021 and immediately prior to the Reorganisation, Shandong Dianya was owned as to 80.0% by Ms. Liu Shumin (劉淑敏), mother of Mr. Sun, and 20.0% by Ms. Shao Lixia (邵麗霞), an ex-employee of our Group. Both Ms. Liu and Ms. Shao held the equity interests in Shandong Dianya on trust for Mr. Sun for convenience purpose as Mr. Sun was not usually physically available in Shandong Province for handling administrative matters.

The shareholders of Shandong Dianya following the equity transfers in October 2021 were as follows:

<u>Shareholders</u>	<u>Shareholding percentage in Shandong Dianya</u>
Ms. Liu Shumin	80.0%
Ms. Shao Lixia	20.0%

All such entrustment arrangements related to Shandong Dianya were unwound during the Reorganisation. For details, please refer to the paragraph headed “History and Reorganisation — Our Reorganisation — The onshore restructuring — III. Acquisition of the entire equity interest in Shandong Dianya by Cloud Factory” of this section. As confirmed by our PRC Legal Adviser, all such entrustment arrangements related to Shandong Dianya above did not violate any laws or regulations in the PRC.

### *Shanghai Xiaojiang*

#### *Establishment of Shanghai Xiaojiang and equity transfer*

Shanghai Xiaojiang was established on 26 April 2021 as a limited liability company under the laws of the PRC with an initial registered capital of RMB10,000,000. The entire equity interest was initially owned by Ms. Ding Wenxiu, our employee, on trust for Mr. Sun. The reason for such arrangement was for convenience purpose as Mr. Sun was not usually physically available in Shanghai for handling administrative matters.

After certain equity transfers of Shanghai Xiaojiang, immediately before our Reorganisation, Ms. Ding Wenxiu was the sole shareholder of Shanghai Xiaojiang. All entrustment arrangements relating to Shanghai Xiaojiang above were unwound during the Reorganisation. For details, please refer to the paragraph headed “History and Reorganisation — Our Reorganisation” of this section.

As confirmed by our PRC Legal Adviser, none of such entrustment arrangements relating to Shanghai Xiaojiang above violated any laws or regulations in the PRC.

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### *Jiangsu Yiru*

#### *Establishment of Jiangsu Yiru and equity transfer*

Jiangsu Yiru was established on 29 October 2013 as a limited liability company under the laws of the PRC with an initial registered capital of RMB1,000,000. It was initially owned as to 80.0% by Mr. Sun and 20.0% by Mr. Ji, our executive Directors. The 20% equity interest was owned by Mr. Ji, on behalf of Mr. Sun.

Jiangsu Yiru became a direct wholly-owned subsidiary of Cloud Factory in 2018 following certain share capital transactions.

As at the Latest Practicable Date, all entrustment arrangements related to Jiangsu Yiru above were unwound.

### *Yun Ruitian*

#### *(1) Establishment of Yun Ruitian and equity transfer*

Yun Ruitian was established on 29 January 2016 as a limited liability company under the laws of the PRC with an initial registered capital of RMB5,000,000.

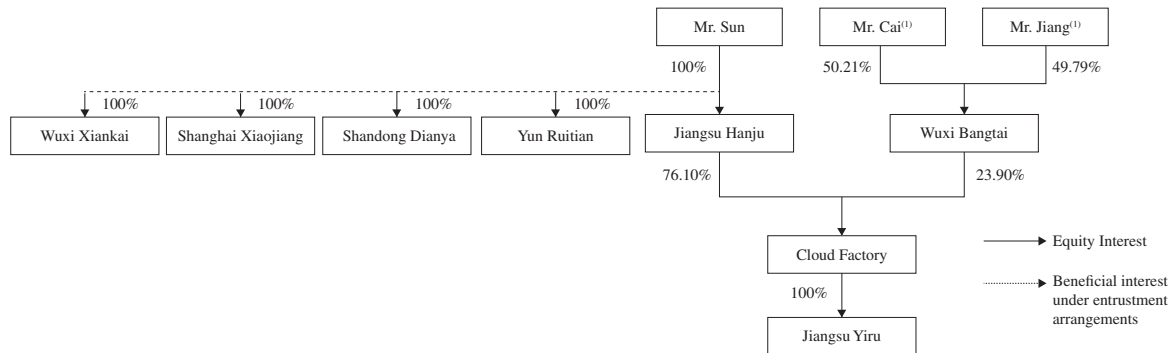
Following certain share capital transactions and immediately prior to the Reorganisation, it was owned as to 90.0% by Ms. Ke Meixian (柯美仙), the ex-mother-in-law of Mr. Sun, and 10.0% by Ms. Shi Xiaorong (史曉蓉), an employee of our Group, both on trust for Mr. Sun for convenience purpose as Mr. Sun was not usually physically available in Shandong Province for handling administrative matters.

All such entrustment arrangements relating to Yun Ruitian above were unwound during the Reorganisation. For details, please refer to the paragraph headed “History and Reorganisation — Our Reorganisation — The onshore restructuring — II. Acquisition of the entire equity interest in Yun Ruitian by Jiangsu Yiru” of this section. As confirmed by our PRC Legal Adviser, all such entrustment arrangements relating to Yun Ruitian above did not violate any laws or regulations in the PRC.

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### OUR REORGANISATION

In preparation for the [REDACTED], we commenced the Reorganisation with the establishment of our Company on 10 December 2021. Set forth below is our corporate structure immediately prior to the incorporation of our Company and the commencement of the Reorganisation in 2021.



*Note:*

- (1) Mr. Cai and Mr. Jiang held 23.90% of Cloud Factory through Wuxi Bangtai, which was owned as to 50.21% by Mr. Cai and 49.79% by Mr. Jiang. Both of them held the equity interest in Wuxi Bangtai on trust for Mr. Sun. For details, please refer to the paragraph headed “History and Reorganisation — Our Reorganisation — The onshore restructuring — The change in equity interest in Wuxi Bangtai” of this section.

In preparation for the [REDACTED], we underwent the following Reorganisation before the [REDACTED].

### The onshore restructuring

#### I. Acquisition of the entire equity interest in Shanghai Xiaojiang

On 14 December 2021, Ms. Ding Wenxiu (holding the equity interest on trust for Mr. Sun) transferred the entire equity interest in Shanghai Xiaojiang, at a consideration of RMB1.0, to Cloud Factory. The transfer unwound the equity interest entrustment arrangements. The registration of the change in equity transfer was completed on 24 December 2021.

Accordingly, Shanghai Xiaojiang became a direct wholly-owned subsidiary of Cloud Factory.

#### II. Acquisition of the entire equity interest in Yun Ruitian by Jiangsu Yiru

On 16 December 2021, Ms. Ke Meixian and Ms. Shi Xiaorong (both holding the equity interest on trust for Mr. Sun) transferred 90.0% and 10.0% of the equity interest in Yun Ruitian, at nil and nil consideration, to Jiangsu Yiru, respectively. The transfer unwound the equity interest entrustment arrangements. The registration of the change in equity transfer was completed on 20 December 2021.

Accordingly, Yun Ruitian became an indirect wholly-owned subsidiary of Cloud Factory.



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### III. *Acquisition of the entire equity interest in Shandong Dianya by Cloud Factory*

On 17 December 2021, Ms. Liu Shumin and Ms. Shao Lixia (both holding the equity interest on trust for Mr. Sun) transferred 80.0% and 20.0% of the equity interest in Shandong Dianya, at nil and nil consideration, to Cloud Factory, respectively. The transfer unwound the equity interest entrustment arrangements. The registration of the change in equity transfer was completed on 29 December 2021.

Accordingly, Shandong Dianya became a direct wholly-owned subsidiary of Cloud Factory.

### IV. *Establishment of Wuxi Lingjingyun*

Wuxi Lingjingyun was established in the PRC on 17 May 2022 as a wholly foreign-owned enterprise with a registered capital of RMB8,000,000, which was subscribed for by Cloud Factory HK. As at the Latest Practicable Date, Cloud Factory HK has yet to make any capital contribution to Wuxi Lingjingyun. According to the articles of association of Wuxi Lingjingyun, the deadline before which the capital contribution has to be made is 20 April 2052 (the “**Contribution Deadline**”). The Directors confirmed that the contribution of RMB8 million will be made from our Company’s own funds, which may include [REDACTED] to be received after its [REDACTED] or other self-raised funds. Our PRC Legal Adviser is of the view that according to the Company Law of the PRC and other relevant regulations, Cloud Factory HK’s failure to complete the capital contribution before the expiry of the Contribution Deadline (i) is not a non-compliance with the Company Law of the PRC or the articles of association of Wuxi Lingjingyun; and (ii) will not affect certain of its shareholder’s rights which are irrelevant to actual capital contribution, including the right to information, voting, share transfer and supervision, in accordance with the Company Law of the PRC and other applicable laws and regulations, and the provisions of the articles of association.

In relation to the right to dividends and pre-emptive right under the Company Law of the PRC, a shareholder of a limited liability company shall by default (i) be entitled to dividends in accordance with the proportion of its actual capital contribution; and (ii) has the pre-emptive right to subscribe for newly increased registered capital in accordance with the proportion of its actual capital contribution, except that all shareholders of a company may agree that the entitlements to dividends or the exercise of pre-emptive right shall not be in accordance with their respective proportions of actual capital contribution. The distribution of profits among shareholders of Wuxi Lingjingyun is based on their proportionate subscribed capital contributions instead of actual capital contributions, as specified in its articles of association. Therefore, the current failure of actual capital contribution by Cloud Factory HK will not have any impacts on its entitlement to dividends. Regarding Cloud Factory HK’s pre-emptive right, despite the failure of actual capital contribution, it can still exercise its pre-emptive right to subscribe for newly increased registered capital upon obtaining the approval by all shareholders. Alternatively, as advised by our PRC Legal Adviser, given that (i) two-thirds or more of shareholders’ voting rights are required for approving resolutions in relation to the amendment of articles of association; and (ii) as at the Latest Practicable Date, Cloud Factory HK held over two-thirds of voting rights in Wuxi Lingjingyun, Cloud Factory HK could effectively control the matters of dividend distribution and pre-emptive rights by exercising its voting rights in shareholders’ meetings to amend the articles of association of Wuxi Lingjingyun.

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### V. *Acquisition of the entire equity interest in Wuxi Xiankai by Wuxi Lingjingyun*

#### *Step 1: Wuxi Xiankai to become a sino-foreign equity joint venture*

On 9 March 2022, an Independent Third Party foreign investor, A.Y. International Corporate Services Limited (振興國際企業服務有限公司) (“**AY International**”), an investment holding company, invested in Wuxi Xiankai with a capital increase of RMB242,272. After the capital increase was completed, Wuxi Xiankai was converted into a sino-foreign joint venture and was owned as to 48.7%, 46.7% and 4.6% by Ms. Tan Yamin, Ms. Zhou Saiping and AY International, respectively. The above capital increase amount was determined with reference to the appraised value of Wuxi Xiankai.

#### *Step 2: Acquisition of the entire equity interest in Wuxi Xiankai by Wuxi Lingjingyun*

On 1 June 2022, Wuxi Lingjingyun acquired 100.0% equity interest in Wuxi Xiankai from Ms. Tan Yamin, Ms. Zhou Saiping and AY International at a consideration of nil, nil and RMB242,272, respectively. The nil consideration to both Ms. Tan Yamin and Ms. Zhou Sai Ping reflected the unwinding of the equity interest entrustment arrangements. The consideration to AY International was based on the registered share capital of Wuxi Xiankai.

Accordingly, Wuxi Xiankai became a direct wholly-owned subsidiary of Wuxi Lingjingyun. For details of our Group’s compliance with the relevant rules and regulations, please refer to the paragraph headed “History and Reorganisation — Compliance with PRC Laws, Rules and Regulations — The rules on the mergers and acquisitions of domestic enterprises by foreign investors in China (the “**M&A Rules**”) in this document.

### VI. *The change in equity interest in Wuxi Bangtai*

Before the Reorganisation, Mr. Cai and Mr. Jiang held 50.21% and 49.79% of the equity interest in Wuxi Bangtai, a limited liability partnership established in the PRC, both on trust for Mr. Sun in contemplation of a proposed employee incentive scheme.

As part of the Reorganisation, our Company decided that Wuxi Bangtai would no longer serve as an employee incentive scheme platform. On 30 December 2021, the shareholders of Wuxi Bangtai passed resolutions to approve Jiangsu Hanju, and Mr. Sun to increase the registered capital of Wuxi Bangtai with a capital increase of RMB43,230,000. After the capital increase was completed, the registered capital of Wuxi Bangtai increased from RMB4,780,000 to RMB48,010,000, and Wuxi Bangtai was owned as to 45.92%, 44.12%, 5.00% and 4.96% by Jiangsu Hanju, Mr. Sun, Mr. Cai and Mr. Jiang respectively. The above capital increase amount was determined with reference to the appraised value of Wuxi Bangtai.

On 11 January 2022, Mr. Cai and Mr. Jiang (both holding the equity interest on trust for Mr. Sun) transferred their respective entire equity interest in Wuxi Bangtai at a consideration of RMB251,050 and RMB248,950, respectively, to Jiangsu Hanju and to Mr. Sun, respectively. The

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transfer unwound the equity entrustment arrangements. Mr. Cai resigned from our Group in December 2022 and thereafter resumed an executive position of another company. Mr. Fu Chao, another ex-employee of our Group, resigned from our Group for personal reasons.

The shareholders of Wuxi Bangtai following the equity transfer in January 2022 were as follows:

<u>Shareholders</u>	<u>Shareholding percentage in Wuxi Bangtai</u>
Jiangsu Hanju	50.92%
Mr. Sun	49.08%

### **VII. Acquisition of the entire equity interest in Shanghai Xiaojiang by Wuxi Lingjingyun**

As we position Shanghai Xiaojiang to be an entity which will provide ICT Services and Other Services instead of IDC Solutions Services or Edge Computing Services, on 27 February 2023, as an intra-group transfer, Cloud Factory transferred its entire equity interest in Shanghai Xiaojiang, at a consideration of RMB1.0, to Wuxi Lingjingyun. The registration of the change in equity transfer was completed on 10 March 2023.

Accordingly, Shanghai Xiaojiang became a direct wholly-owned subsidiary of Wuxi Lingjingyun.

### **VIII. Contractual Arrangements**

On 28 March 2023, Wuxi Lingjingyun entered into various agreements which constitute the Contractual Arrangements with Cloud Factory and the relevant Registered Shareholders, under which we are able to exercise effective control over our Consolidated Affiliated Entities and the economic benefits arising from the businesses of our Consolidated Affiliated Entities are transferred to Wuxi Lingjingyun to the extent permitted under the PRC Laws by means of services fees payable by Cloud Factory to Wuxi Lingjingyun. For details, please refer to the section headed “Contractual Arrangements” in this document.

### **The offshore restructuring**

### **IX. Incorporation of offshore holding entity**

#### *Ru Yi IT*

Ru Yi IT was incorporated under the laws of the BVI on 5 November 2021 with 100 shares of US\$1.0 each, issued to Mr. Sun and credited as fully paid at a nominal value. Immediately following the completion of the Reorganisation, Ru Yi IT held the entire issued share capital of our Company.

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### **X. *Incorporation of our Company***

Our Company, the [REDACTED] vehicle of our Group, was incorporated in the Cayman Islands on 10 December 2021 as an exempted company with limited liability, with an initial authorised share capital of US\$50,000 divided into 500,000 Shares of US\$0.1 each. On the date of incorporation, one Share was issued to an initial subscriber who is an Independent Third Party, which was then transferred to Ru Yi IT on the same day, and a total of 99 Shares were issued at par to Ru Yi IT.

### **XI. *Incorporation of offshore group companies***

#### *Cloud Factory BVI*

Cloud Factory BVI was incorporated on 10 January 2022 in the BVI, with 100 ordinary shares of US\$1.0 each, allotted and issued to our Company being the sole shareholder of Cloud Factory BVI.

#### *Cloud Factory HK*

Cloud Factory HK was incorporated on 19 January 2022 in Hong Kong, with 10,000 ordinary shares of HK\$1.0 each, issued and allotted to Cloud Factory BVI being the sole shareholder of Cloud Factory HK.

#### *Compliance with the Cayman Islands laws*

Our legal adviser as to the laws of the Cayman Islands confirmed that the issuances and transfers of the Shares as mentioned above, were completed and settled in compliance with applicable laws and regulations in the Cayman Islands.

#### *No further material acquisition or disposals*

Except for the acquisitions described above and in the paragraph headed “History and Reorganisation — Our Reorganisation” of this section, our Group has not undertaken any other major acquisitions, disposals or mergers during the Track Record Period.

## **SHARE SUBDIVISION**

On 9 March 2023, pursuant to the written resolutions passed by our then Shareholder, 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.

Our legal adviser as to the laws of the Cayman Islands confirmed that the share subdivision mentioned above was legally and duly completed. Our Reorganisation was completed on 28 March 2023.

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### [REDACTED] INVESTMENT

We received one round of investment from our [REDACTED] Investor in April 2023, details of which are summarised below:

#### Principal Terms of the [REDACTED] Investment

<u>Name</u>	<u>Hainan Yunzhi</u>
Date of the [REDACTED] Investment	3 April 2023
Date of payment of consideration	4 April 2023
Equity interest in Wuxi Lingjingyun acquired	1.39%
Amount of consideration paid	RMB25,000,000
Basis of determination of consideration	On arm’s length basis between the parties with reference to including but not limited to (i) prospect of Company’s business, and (ii) the comparable companies engaging in similar businesses.
Number of Shares held by the investor immediately following completion of the [REDACTED] and the [REDACTED]	None
Investment cost per Share paid by the investor (assuming the [REDACTED] has taken place)	Not applicable
[REDACTED] over the mid-point of the indicative [REDACTED] range	Not applicable
[REDACTED] from the [REDACTED] Investment	We utilised the [REDACTED] for the working capital of our Group.

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<u>Name</u>	<u>Hainan Yunzhi</u>
Strategic benefits that the relevant investment would bring to our Group	At the time of the [REDACTED] Investment, our Directors were of the view that our Group could benefit from the additional capital provided by the [REDACTED] Investor. In addition, our Directors believed that we could leverage the commercial network and experience of the relevant investor as well as its extensive resources and connections in the industry we operate. This can potentially bring new business opportunities to our Group and broaden our client base in the future. Moreover, our Directors were also of the view that our Company could benefit from the [REDACTED] Investment as the [REDACTED] Investor’s investment demonstrated their confidence in the operations of our Group and served as an endorsement of our Group’s performance, strengths and prospects.
Special rights	None
Relationship with our Group	Independent Third Party
Lock-up	None
[REDACTED]	Not applicable

Pursuant to the capital increase agreement dated 3 April 2023, Hainan Yunzhi invested RMB25 million in Wuxi Lingjingyun, among which RMB112,867 was injected as the registered capital of Wuxi Lingjingyun while the remaining amount was recorded as Wuxi Lingjingyun’s capital reserve. Our PRC Legal Adviser is of the view that, such arrangement was made in accordance with the legal requirements of the PRC.

Taking into account (i) the historical financial results of our Group during the Track Record Period; (ii) the prospects of the business of our Group, including the expecting growth in the market of the relevant industry; and (iii) the reference as to other [REDACTED] particularly the companies adopting non-self-built data centre model with business operation in the PRC, the Sole Sponsor is of the view that the consideration paid by the [REDACTED] Investor for the [REDACTED] Investment was fair and reasonable.

### Information about Our [REDACTED] Investor

The background information of our [REDACTED] Investor is set out below.

**Hainan Yunzhi** is a limited liability partnership established under the laws of the PRC on 9 February 2023 with Chengdu Gongtong Huifu Private Equity Fund Management Co., Ltd (成都工投匯富私募基金管理有限公司) acting as its executive partner and general partner. As at the Latest Practicable Date, Hainan Yunzhi’s general partner was ultimately controlled and owned by Ms. Yang An (楊安) as to 55.0% and Chengdu Advanced Manufacturing Industry Investment Co., Ltd. (成都先進製造產業投資有限公司) (“**ADMIIIC**”) as to 45.0%. ADMIIIC is wholly owned by Chengdu Industry Investment Group Co., Ltd (成都產業投資集團有限公司), which is in turn owned by State-owned Assets Supervision and Administration

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Commission of Chengdu Municipal Government (成都市國有資產監督管理委員會) as to 90.0% and Sichuan Provincial Finance Department (四川省財政廳) as to 10.0%. Hainan Yunzhi has two limited partners, namely Shanghai Yuming Network Technology Co., Ltd. (上海裕明網絡科技有限公司) (being the largest limited partner holding approximately 64.06% equity interest in Hainan Yunzhi) and Hainan Yunpan Information Technology Co., Ltd (海南雲磐信息科技有限公司) (holding approximately 35.59% equity interest in Hainan Yunzhi), and both limited partners are Independent Third Parties. Hainan Yunzhi will hold 1.39% of the total equity interest in Wuxi Lingjingyun. Hainan Yunzhi is primarily engaging in venture capital investment in and management of unlisted enterprises.

In recognition of our Group’s development in the IDC Solution Services and Edge Computing Services and the value created along the PRC’s Internet data centre value chain Hainan Yunzhi was optimistic about our Group’s future and decided to invest in our Group. Since Hainan Yunzhi is ultimately controlled by State-owned Assets Supervision and Administration Commission of Chengdu Municipal Government, whose overseas investment in a Cayman company may be subject to restrictions in the PRC and whose objective was to explore more business opportunities with our Group more than mere capital gain, investment at the subsidiary level would be a better alternative to the investment in our Company.

### Compliance with the Interim Guidance and Guidance Letters

On the basis that (i) the consideration for the [REDACTED] Investment was settled more than 28 clear days before the date of our first submission of the [REDACTED] in relation to the [REDACTED] to the Stock Exchange; and (ii) any material special rights granted to the [REDACTED] Investor shall be suspended upon submission of a [REDACTED] and/or will be terminated upon [REDACTED], as the case may be, the Sole Sponsor has confirmed that the [REDACTED] Investment is in compliance with the Interim Guidance (HKEx-GL29-12) and the Guidance Letters HKEx-GL43-12 and HKEx-GL44-12 issued by the Stock Exchange.

### [REDACTED]

Pursuant to the resolutions of our Shareholders passed on [●], subject to and conditional upon the share premium account of our Company being credited as a result of the issue of [REDACTED] pursuant to the [REDACTED], our Directors were authorised to allot and issue a total of [REDACTED] Shares credited as fully paid at par to the holders of Shares whose names are entered on the principal register of members of the Company maintained in the Cayman Islands prior to the [REDACTED] (or as they may direct) in proportion to their respective shareholdings by way of capitalisation of the sum of approximately [REDACTED] standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the then existing issued Shares.

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### COMPLIANCE WITH PRC LAWS, RULES AND REGULATIONS

Our PRC Legal Adviser confirmed that (i) the PRC companies in our Group as referred to in this section were duly established; (ii) all necessary regulatory approvals, permits and licences in respect of the incorporation and changes of the PRC companies had been obtained in accordance with the PRC Laws; and (iii) all the share transfers and changes in the registered capital in respect of our PRC subsidiaries throughout its corporate development as described above had been approved by and/or filed with the relevant PRC government authorities and the procedures involved are in accordance with PRC law and regulations.

#### **The rules on the mergers and acquisitions of domestic enterprises by foreign investors in China (the “M&A Rules”)**

According to the M&A Rules jointly issued by the MOFCOM, SASAC, the STA, the CSRC, the SAIC and the SAFE in 2006 and amended in 2009, a foreign investor is required to obtain necessary approvals when it:

- (a) acquires the equity of a domestic non-foreign invested enterprise, or subscribes for the increased capital of a domestic non-foreign invested enterprise, thereby converting the domestic enterprise into a foreign-invested enterprise (the “**Equity Merger**”);
- (b) establishes a foreign-invested enterprise which purchases and operates the assets of a domestic enterprise; or
- (c) purchases the assets of a domestic enterprise and injects those assets to establish a foreign-invested enterprise (the “**Asset Merger**”).

Where a domestic company, enterprise or natural person intends to acquire its/his/her related domestic company in the name of an offshore company which it/he/she lawfully establishes or controls, the acquisition shall be subject to the examination and approval of the MOFCOM.

On 10 March 2022, AY International subscribed for 4.62% equity interest in Wuxi Xiankai (the “**First Subscription**”). After the First Subscription, Wuxi Xiankai became a sino-foreign joint venture enterprise. When the transfer of 4.6% equity interest held by AY International to Wuxi Lingjingyun (the “**Second Transfer**”) occurred on 1 June 2022, therefore Wuxi Xiankai had already been converted into a sino-foreign joint venture enterprise. The Second Transfer is the equity transfer in a foreign-invested enterprise. As advised by our PRC Legal Adviser, given that Wuxi Xiankai was a sino-foreign joint venture enterprise prior to the Second Transfer, hence M&A Rules are not applicable to the Second Transfer and approval by MOFCOM or CSRC is not required.

Our PRC Legal Adviser has further advised that the control by our Group over Consolidated Affiliated Entities through Wuxi Lingjingyun by way of the Contractual Arrangements does not fall within the Equity Merger or the Asset Merger and therefore, the M&A Rules are not applicable to



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the Reorganisation. However, there is uncertainty as to how the M&A Rules will be interpreted or implemented and we cannot assure you that relevant PRC governmental authorities, including the CSRC, would reach the same conclusion as our PRC Legal Adviser.

Our PRC Legal Adviser confirmed that all the remaining share transfers and increases in registered share capital in respect of the PRC companies in our Group as described above in this section had obtained all necessary government approvals and permits and the government procedures involved were in accordance with the PRC laws and regulations. Our PRC Legal Adviser also confirmed that we had obtained all necessary approvals from the relevant PRC regulatory authorities required for the implementation of the Reorganisation and the Reorganisation had, in all material aspects, complied with the applicable PRC laws, regulations and rules.

### **SAFE registration in China**

According to Circular 37, a PRC resident must register with SAFE before he or she contributes assets or equity interests in an overseas special purpose vehicle (the “**Overseas SPV**”) that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing.

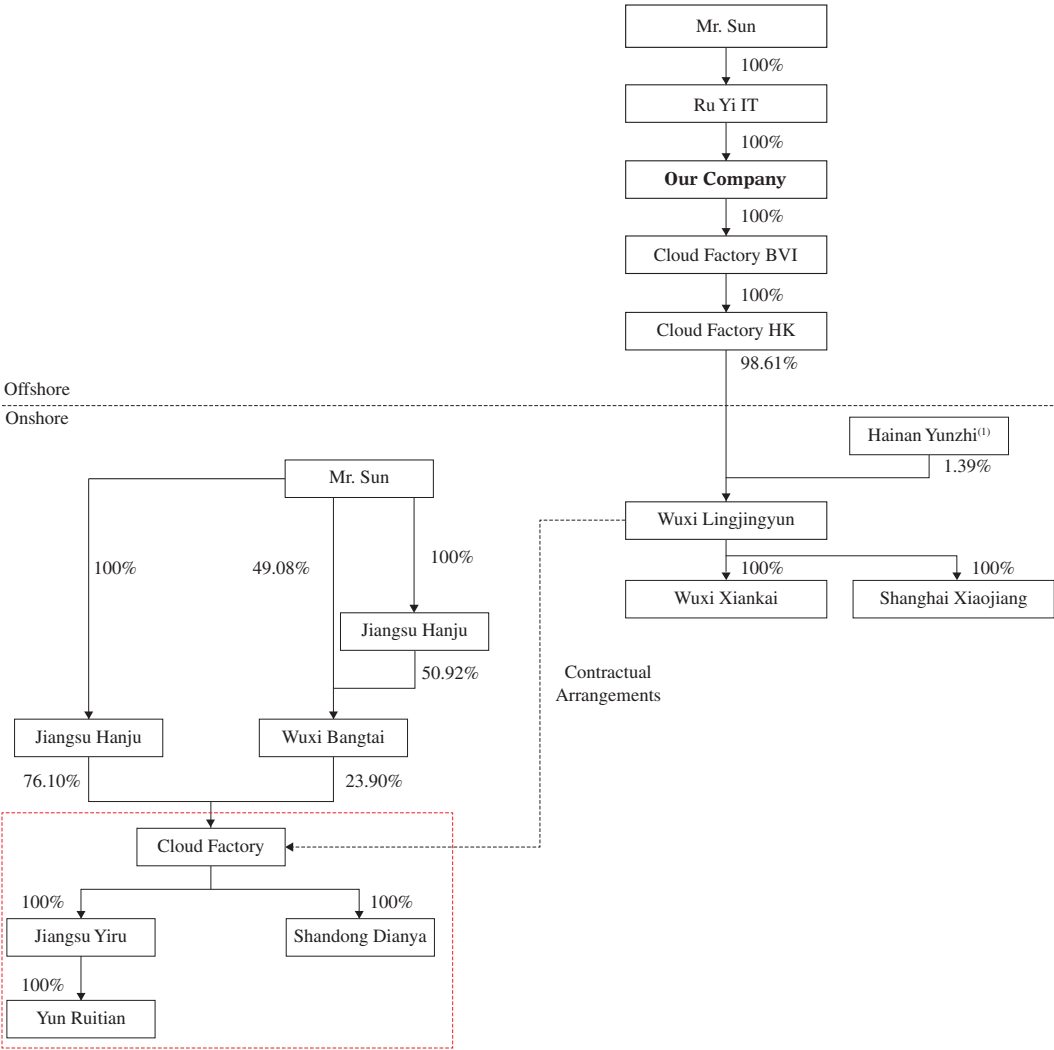
As confirmed by our PRC Legal Adviser, Mr. Sun, being a PRC resident, is required to obtain the relevant registration with SAFE pursuant to the SAFE Circular 37. On 10 March 2022, Mr. Sun completed his SAFE Circular 37 registration.

As confirmed by our PRC Legal Adviser, we had obtained and completed all requisite approvals and/or registrations in all material aspects from the relevant PRC authorities in respect of the Reorganisation, and the Registration had, in all material aspects, complied with the applicable PRC laws, regulations and rules.

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**Our Group structure immediately prior to the [REDACTED] and the [REDACTED]**

The following chart illustrates our corporate and shareholding structure immediately prior to the [REDACTED] and the [REDACTED]:



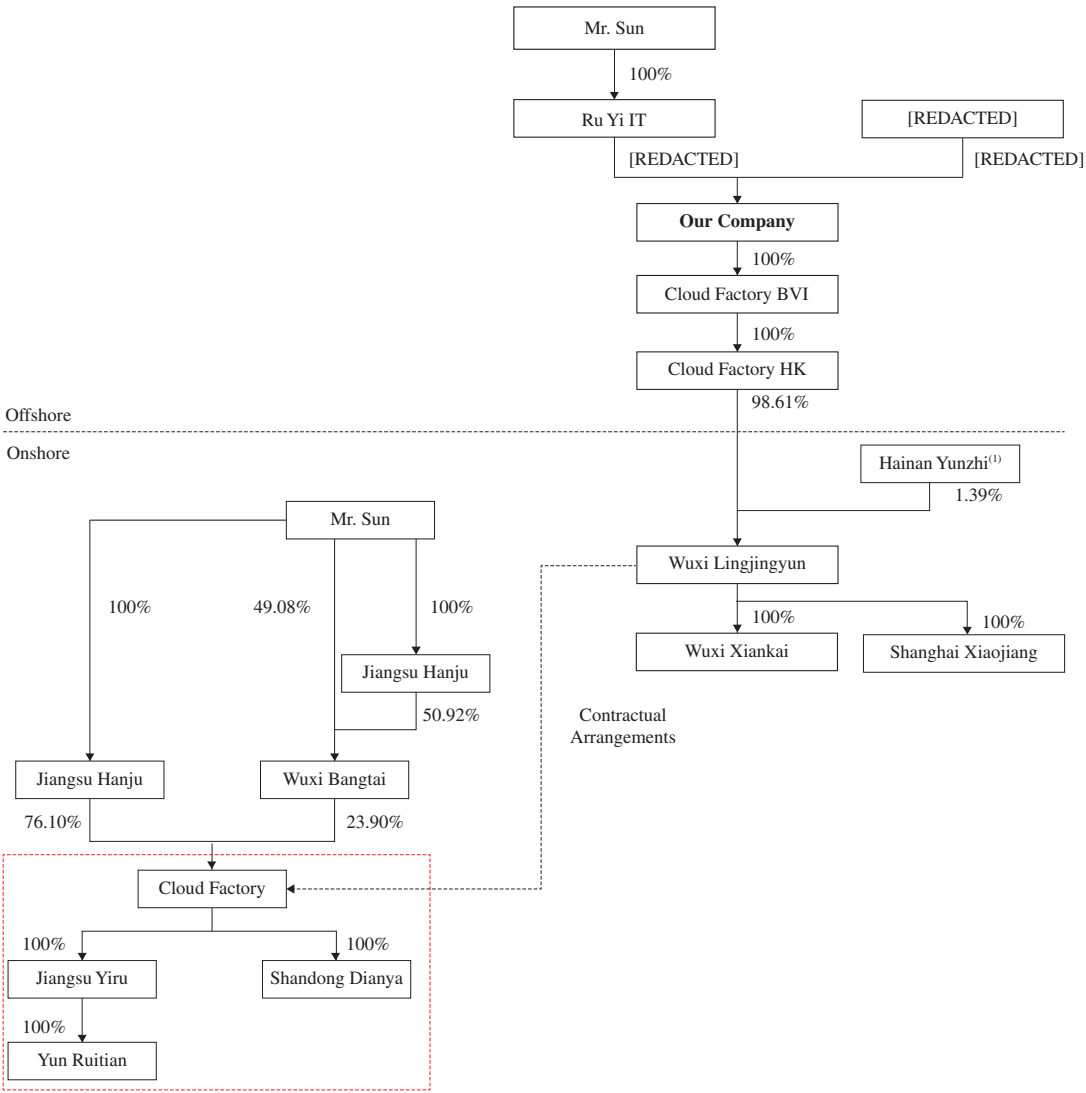
*Note:*

(1) Hainan Yunzhi is an Independent Third Party [REDACTED] Investor.

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**Group structure immediately after completion of [REDACTED] and the [REDACTED]**

We expect the corporate and shareholding structure of our Group immediately following completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised) will be as follows:



*Note:*

(1) Hainan Yunzhi is an Independent Third Party [REDACTED] Investor.