

## SUMMARY

*This summary aims to give you an overview of the information contained in this document. Since this 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 text of this document. You should read this document in its entirety including the appendices hereto 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 out in the section headed “Risk Factors” in this document. You should read that section carefully before you decide to invest in the [REDACTED].*

### OVERVIEW

Established in 2002, the Group is a reputable integrated service provider and software developer headquartered in Jiangxi Province of the PRC and focuses on the provision of Telecommunications Infrastructure Services and Digitalisation Solution Services in the PRC. Since its founding, the Group has established long and stable business relationships with the key players in the telecommunications industry in the PRC including the Big Three, being the three largest telecommunications network operators in the PRC, and the largest telecommunications tower infrastructure service provider in the world. According to the Ipsos Report, the Group ranked third amongst all telecommunications network infrastructure construction and maintenance services providers in Jiangxi Province in terms of revenue in 2023, with a market share of approximately 3.1%. As at the Latest Practicable Date, the Group has expanded its operations to 25 provinces, municipalities and autonomous regions across the PRC.

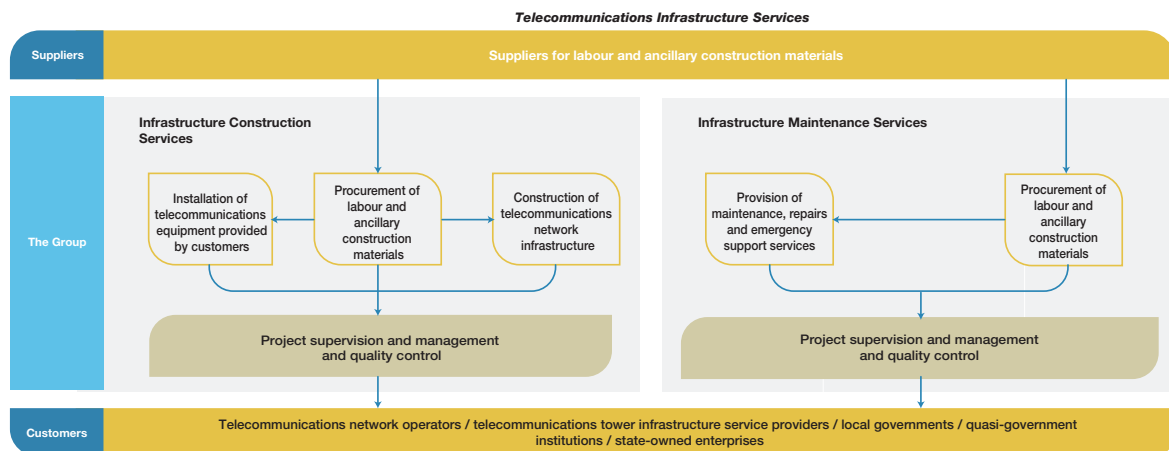
### PRINCIPAL SERVICES AND BUSINESS MODEL

#### Telecommunications Infrastructure Services

Telecommunications Infrastructure Services consist of Infrastructure Construction Services and Infrastructure Maintenance Services, which are utilised by key market players in the telecommunications industry in the PRC to expand and maintain their telecommunications networks. Such key players include telecommunications network operators, telecommunications tower infrastructure service providers, local governments, quasi-government institutions and state-owned enterprises.

- Infrastructure Construction Services mainly involve the construction, adaptation and installation works of network infrastructure along the entire telecommunications network, such as base stations and auxiliary facilities engineering services, power grid connection services, cable installation services, access network related services and wireless network equipment installation services.
- Infrastructure Maintenance Services mainly involve carrying out routine basic maintenance, repairs and restoration works and emergency trouble shooting to the telecommunications infrastructure located across rural and urban areas in the PRC.

The following chart summarises the Group’s principal business activities and business model in relation to its Telecommunications Infrastructure Services business segment:



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The Group’s customers in Telecommunications Infrastructure Services business segment during the Track Record Period primarily comprised key players in the PRC telecommunications industry such as telecommunications network operators and telecommunications tower infrastructure service providers who would contract telecommunications infrastructure construction and maintenance works to the Group. The Group generally acts as the main contractor as well as the sole contractor for its Telecommunications Infrastructure Services projects, which are typically obtained on a project-by-project basis. During the Track Record Period, the Group’s suppliers in relation to its Telecommunications Infrastructure Services business segment mainly consisted of labour suppliers who would supply labour services for completing the on-site labour intensive works and provide ancillary construction materials required, while the Group would remain responsible for the core aspects of the projects such as overall project management and implementation, testing and inspection as well as quality control. The engagement of labour suppliers by the Group does not constitute subcontracting in nature, and the labour suppliers are not considered as the Group’s subcontractors, reasons for which are set out in the paragraph headed “Business – Suppliers – Labour suppliers” in this document. Due to the specialised equipment and materials needed for the construction of network infrastructure as well as the need to meet specific technical requirements and ensure compatibility with their existing infrastructure, the Group’s customers would generally be responsible for providing the necessary telecommunications equipment.

In respect of the Group’s pricing policy, it generally adopts a cost-plus pricing model when determining its bid/offer price quoted in the tender documents for its Telecommunications Infrastructure Services projects after taking into account factors such as (i) the nature, scale, complexity and location of the relevant projects as well as (ii) the estimated costs for the procurement of labour services and ancillary construction materials.

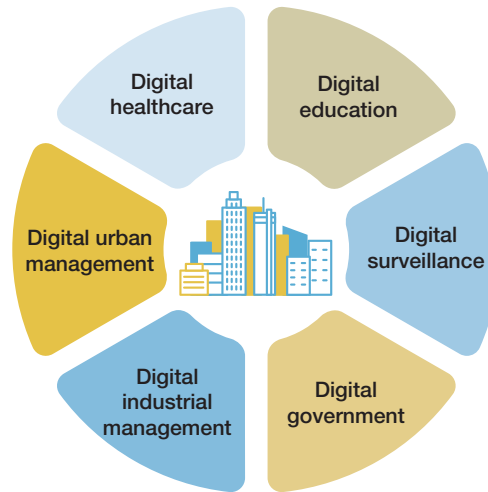
### **Digitalisation Solution Services**

Digitalisation Solution Services consist of Integrated Solution Services, System Maintenance Services and Software Solution Services, and aim to improve the operational efficiency and productivity of its customers through incorporating digital technologies such as IoT, cloud computing, big data, discriminative AI and blockchain to enable the integration of various hardware and software systems under a unified platform.

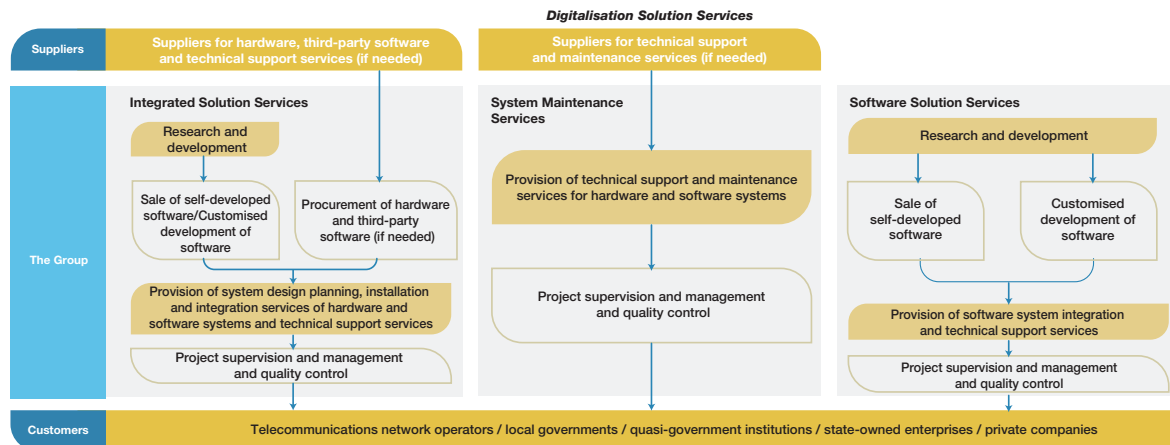
- Integrated Solution Services generally involve providing turnkey solutions through (i) system design planning; (ii) supply of hardware and software and installation and integration services; and (iii) provision of after-sale services such as technical support services, which primarily involve provision of a comprehensive digitalisation solution that includes all the necessary hardware and software components in a single package. The hardware is sourced from approved third-party suppliers, while the software consists of both self-developed software and software sourced from approved third-party suppliers. The self-developed software includes ready-to-use software and customised software designed specifically for customers, typically developed by the Group’s research and development team, sometimes with the assistance of third-party programmers.
- System Maintenance Services mainly included commissioned technical support and maintenance services for the hardware and software systems delivered under its Integrated Solution Services projects. Depending on the specific requirements of the customers, the System Maintenance Services generally include (i) day-to-day system and network maintenance and data back-up support services; (ii) 24/7 technical support and consulting services; (iii) system migration solution services; and (iv) emergency trouble shooting services.
- Software Solution Services focus on (i) sale of self-developed software; and (ii) delivering customised software development services. The Group has the capability to offer its self-developed software and/or deliver customised software development services, sometimes with the assistance of third-party software programmers, which suit the needs of end-users across various sectors, such as digital healthcare, digital government, digital industrial and digital telecommunications construction.

## SUMMARY

Set out below are the key sectors on which the Group’s Digitalisation Solution Services projects focused during the Track Record Period:



The following chart summarizes the Group’s principal business activities and business model in relation to its Digitalisation Solution Services business segment:



The Group’s research and development efforts have largely driven the increase in significance of its Digitalisation Solution Services business segment, particularly for those involving the use of the Group’s self-developed software, to the Group’s operational results. The technologies developed as a result of the Group’s research and development efforts were applied and/or adopted for developing the software systems required by its customers under the Integrated Solution Services projects and Software Solution Services projects. For further details of the Group’s research and development efforts, please refer to the paragraphs headed “Business – Research and development” in this document.

The Group’s customers in Digitalisation Solution Services mainly included not only telecommunications network operators but also local governments, quasi-government institutions, state-owned enterprises and private companies in the PRC whereas the Group’s suppliers for this business segment mainly consisted of hardware and software suppliers who would supply hardware such as surveillance cameras, biometric scanners, computers, data storage and processing system, third-party software and/or technical support and maintenance services.

In respect of the Group’s pricing policy for Digitalisation Solution Services, it generally takes into account the estimated prices its customers are willing to pay and other factors such as (i) in relation to the Group’s Integrated Solution Services projects only, the estimated costs for the procurement of hardware and third-party software system, (ii) (if applicable) the relevant research and development expenses incurred, (iii) the scale and timeframe required, (iv) the credit term required by its customers, and (v) the contract prices of the Group’s similar projects.

## SUMMARY

### REVENUE AND GROSS PROFIT MARGIN

The following table sets out a breakdown of the Group's total revenue and gross profit margin by business segments during the Track Record Period:

	Year ended 31 December								
	2021			2022			2023		
	Revenue	Percentage of total	Gross profit margin	Revenue	Percentage of total	Gross profit margin	Revenue	Percentage of total	Gross profit margin
RMB'000			RMB'000			RMB'000			
<b>Telecommunications Infrastructure Services</b>									
- Infrastructure Construction Services	344,631	72.0%	12.2%	309,276	74.9%	12.0%	463,367	76.1%	14.0%
- Infrastructure Maintenance Services	25,160	5.3%	17.5%	33,224	8.0%	17.7%	37,990	6.2%	24.1%
Sub-total	369,791	77.2%	12.5%	342,501	82.9%	12.5%	501,357	82.3%	14.8%
<b>Digitalisation Solution Services</b>									
- Integrated Solution Services	107,364	22.4%	41.5%	10,148	2.5%	25.4%	41,258	6.7%	31.7%
- System Maintenance Services	1,963	0.4%	15.6%	2,044	0.5%	19.1%	470	0.1%	37.9%
- Software Solution Services	-	-	-	58,399	14.1%	99.0%	66,216	10.9%	93.5%
Sub-total	109,327	22.8%	41.1%	70,591	17.1%	86.1%	107,944	17.7%	69.6%
<b>Total</b>	<b>479,118</b>	<b>100.0%</b>	<b>19.0%</b>	<b>413,091</b>	<b>100.0%</b>	<b>25.1%</b>	<b>609,301</b>	<b>100.0%</b>	<b>24.5%</b>

### Revenue

The Group's revenue during the Track Record Period was primarily generated from the Telecommunications Infrastructure Services business segment, in particular, its Infrastructure Construction Services business sub-segment, for which its revenue accounted for approximately 72.0% and 74.9% and 76.1% of the Group's total revenue, respectively, whereas the revenue from the Digitalisation Solution Services business segment accounted for approximately 22.8%, 17.1% and 17.7% of its total revenue, respectively. Overall, the Group's total revenue increased at a CAGR of approximately 12.8% over the period from 2021 to 2023.

The Group's total revenue decreased by approximately RMB66.0 million or 13.8% from the year ended 31 December 2021 to the year ended 31 December 2022 primarily driven by the Group's prioritisation of Software Solution Services projects over Integrated Solution Services projects to align with customers' demand and alleviate the need for substantial capital requirements, thereby enhancing the Group's liquidity. However, such decrease was partially offset by the increase in the number of Software Solution Services projects, resulting in a significant increase in revenue from 2021 to 2022. The decrease in number of Infrastructure Construction Services projects had also to a certain extent contributed to the decrease in the Group's total revenue in 2022. The Group's revenue significantly increased by approximately RMB196.2 million or 47.5% from the year ended 31 December 2022 to the year ended 31 December 2023 primarily driven by (i) increase in revenue recognition for Infrastructure Construction Services business segment due to improvement in number of work orders placed by customers following the lifting of restrictions imposed by the COVID-19 pandemic as well as acceleration in progress of the projects for this business sub-segment; and (ii) increase in revenue for Digitalisation Solution Services business segment as a result of an increase in both the number of Integrated Solution Services projects and Software Solution Services projects.

### Gross profit margin

The gross profit margin of the Digitalisation Solution Services business segment was relatively higher than that of the Telecommunications Infrastructure Services business segment during the Track Record Period mainly due to the fact that (i) the cost of sales was generally lower as a result of such projects being less labour intensive and having a relatively shorter project life cycle; and (ii) the projects were generally obtained via single-source procurement and/or by responding to invitation to quote and required a higher degree of customisation by the Group thus leaving more room for the Group to charge at a higher price. On the other hand, the gross profit margin of the Infrastructure Construction Services business sub-segment was generally the lowest during the Track Record Period as the projects were (i) labour intensive and (ii) mainly obtained by way of open tender which would restrict the Group's ability in setting a high tender price due to the competitive nature of open tenders as they would be made available to all of the Group's competitors. The Group's overall gross profit margin for the years ended 31 December 2021, 2022 and 2023 was approximately 19.0%, 25.1% and 24.5%, respectively.

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The Group’s overall gross profit margin increased from the year ended 31 December 2021 to the year ended 31 December 2022 primarily due to an increase in the gross profit margins of its Digitalisation Solution Services business segment, which reflected the Group’s prioritisation of Software Solution Services projects over Integrated Solution Services projects, which resulted in higher gross profit margin due to the minimal costs involved in the projects, as most of the software applied in Software Solution Services was developed by the Group, and the Group recognised and classified the costs associated with research and development for the software as research and development expenses for the relevant years. The Group’s overall gross profit margin slightly decreased from the year ended 31 December 2022 to the year ended 31 December 2023 primarily due to the decrease in the gross profit margin of the Digitalisation Solution Services business segment, which is mainly attributable to the increased contribution of the Integrated Solution Services business sub-segment, being a sub-segment within the Digitalisation Solution Services business segment having a relatively lower gross profit margin. For details, please refer to the paragraphs headed “Financial Information – Description of selected items in the consolidated statements of profit or loss – Gross profit and gross profit margin” and the paragraphs headed “Financial Information – Review of historical results of operations” in this document.

### PROJECT BACKLOG

The Group’s project backlog represents its estimate of the total outstanding contract value of its On-going Projects and Pre-revenue Projects (assuming that all works under the relevant contracts are required to be carried out) as at 31 December 2021, 2022 and 2023 and the Latest Practicable Date. It is important to note that while the contract value stated in the framework agreement of its Telecommunications Infrastructure Services projects represents the maximum value of potential orders from customers, customers are not obligated to place work orders up to the contract value. They have the discretion to reduce the work scope by not placing additional work orders. As such, the contract value used in calculating the Group’s project backlog has not taken into account factors that could potentially lead to a reduction in work scope at the customers’ discretion, which in turn reducing the final amount of revenue to be recognised. For the years ended 31 December 2021, 2022 and 2023, the conversion rate of contract value into actualised work orders was approximately 66.2%, 68.2% and 72.2%, respectively, for the Telecommunications Infrastructure Services projects, and approximately 100.0%, 100.0% and 98.5%, respectively, for the Digitalisation Solution Services projects. As at the Latest Practicable Date, the closing balance of the Group’s backlog was approximately RMB819.4 million, contributed primarily by the Infrastructure Construction Services projects. For details, please refer to the paragraphs headed “Business – Projects – Project backlog” in this document.

### NUMBER OF PROJECTS

The services provided by the Group during the Track Record Period were generally offered on a project-by-project basis with no long-term commitments from its customers to further engage the Group for similar related types of work. As at 31 December 2021, 2022 and 2023 and the Latest Practicable Date, the Group had a total of 101, 148, 116 and 130 projects on hand, respectively, comprising primarily the Infrastructure Construction Services projects. For details, please refer to the paragraphs headed “Business – Projects” and “Financial Information – Key factors affecting results of operations – Non-recurring nature of the Group’s projects” in this document.

### TENDER SUCCESS RATE

During the Track Record Period, the Telecommunications Infrastructure Services projects were generally awarded by way of open tender whereby any eligible service provider could submit a tender to provide the services required by the customer, whereas the Digitalisation Solution Services projects were generally secured by way of single-source procurement or responding to invitation to quote whereby the customers would approach the Group to directly seek terms and obtain a quote, and may negotiate for mutually agreed contract terms. The following table sets out the Group’s tender success rate for Telecommunications Infrastructure Services projects during the Track Record Period:

	Year ended 31 December		
	2021	2022	2023
<b>Telecommunications Infrastructure Services</b>			
– Infrastructure Construction Services . . . . .	18.9%	20.6%	19.9%
– Infrastructure Maintenance Services . . . . .	44.0%	39.4%	41.2%
<b>Overall tender success rate . . . . .</b>	<b>20.6%</b>	<b>22.5%</b>	<b>21.3%</b>

Note: The tender success rate for a particular year is calculated based on the number of tenders awarded to the Group (whether awarded in the same year or subsequently) divided by the number of tenders submitted during that year.

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### FIVE LARGEST CUSTOMERS

The Group’s revenue attributable to its five largest customers in each year during the Track Record Period amounted to approximately RMB476.3 million, RMB409.9 million and RMB592.3 million, representing approximately 99.4%, 99.2% and 97.2% of its total revenue, respectively, while the revenue attributable to the largest customer of the Group in each year during the Track Record Period, namely Customer A, accounted for approximately 69.5%, 57.5% and 48.8% of its total revenue, respectively. As at the Latest Practicable Date, the Group’s business relationships with each of its five largest customers in each year during the Track Record Period ranged from approximately three to 21 years. For details, please refer to the paragraphs headed “Business – Customers – Five largest customers” and “Business – Customers – Historical concentration in revenue derived from the Group’s five largest customers in each year during the Track Record Period” in this document.

### FIVE LARGEST SUPPLIERS

For the years ended 31 December 2021, 2022 and 2023, the Group’s procurement costs attributable to its five largest suppliers in each year during the Track Record Period accounted for approximately 58.3%, 71.7% and 61.8% of its total purchases, respectively. As at the Latest Practicable Date, the Group’s business relationships with each of its five largest suppliers in each year during the Track Record Period ranged from approximately two to nine years. For details, please refer to the paragraphs headed “Business – Suppliers – Five largest suppliers” in this document.

### SUMMARY OF FINANCIAL INFORMATION

#### Consolidated statements of profit or loss and other comprehensive income

The following table sets out a summary of the Group’s consolidated statements of profit or loss and other comprehensive income for the Track Record Period, which has been extracted from the Accountants’ Report in Appendix I to this document:

	Year ended 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
<b>Revenue</b> . . . . .	479,118	413,091	609,301
Cost of sales . . . . .	(387,930)	(309,453)	(459,982)
<b>Gross profit</b> . . . . .	91,188	103,638	149,319
Other net income . . . . .	5,850	4,750	5,018
Selling expenses . . . . .	(5,080)	(3,436)	(3,298)
Administrative expenses . . . . .	(20,351)	(33,000)	(38,474)
Research and development expenses . . . . .	(19,208)	(17,680)	(25,873)
<b>Profit from operations</b> . . . . .	52,399	54,272	86,692
Finance costs . . . . .	(11,480)	(15,332)	(16,682)
<b>Profit before taxation</b> . . . . .	40,919	38,940	70,010
Income tax . . . . .	(4,746)	(3,965)	(1,339)
<b>Profit for the year</b> . . . . .	36,173	34,975	68,671
<b>Attributable to:</b>			
Equity shareholders of the Company . . . . .	36,173	34,473	68,592
Non-controlling interests . . . . .	–	502	79
<b>Profit for the year</b> . . . . .	<u>36,173</u>	<u>34,975</u>	<u>68,671</u>

#### Cost of sales

The Group’s cost of sales during the Track Record Period primarily comprised labour procurement costs, direct material costs and direct labour costs. The Group’s labour procurement costs represented the largest component of the Group’s cost of sales and accounted for approximately 78.4%, 91.5% and 89.5% of its total cost of sales for the years ended 31 December 2021, 2022 and 2023, respectively. For details, please refer to the paragraphs headed “Financial Information – Description of selected items in the consolidated statements of profit or loss – Cost of sales” in this document.

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### *Profit for the year*

The Group’s net profit decreased from the year ended 31 December 2021 to the year ended 31 December 2022 mainly due to (i) the decrease in its total revenue attributable to the Group’s prioritisation of Software Solution Services over Integrated Solution Services projects to align with customers’ demand and alleviate the need for substantial capital requirements; and (ii) the increase in administrative expenses attributable to increases in credit impairment losses and [REDACTED] which had been partially offset by the increases in gross profit and gross profit margin driven by the Group’s prioritisation of Software Solution Services projects abovementioned. The Group’s net profit increased from the year ended 31 December 2022 to the year ended 31 December 2023 mainly due to increases in its total revenue and total gross profit coupled with the decrease in income tax, which had been partially offset by the increase in administrative expenses primarily attributable to the increase in [REDACTED] and entertainment expenses as well as increase in research and development expenses primarily attributable to increase in outsourcing fees for research and development. For details, please refer to the paragraphs headed “Financial Information – Review of historical results of operations” in this document.

### **Selected items in consolidated statements of financial position**

The following table sets out a summary of the Group’s consolidated statements of financial position for the Track Record Period, which has been extracted from the Accountants’ Report in Appendix I to this document:

	As at 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Non-current assets . . . . .	98,354	95,685	93,917
Current assets . . . . .	798,647	938,830	1,067,437
Current liabilities. . . . .	769,397	845,341	1,031,170
<b>Net current assets.</b> . . . . .	29,250	93,489	36,267
Total assets less current liabilities. . . . .	127,604	189,174	130,184
Non-current liabilities. . . . .	3,068	1,900	1,962
<b>Net assets.</b> . . . . .	124,536	187,274	128,222
Non-controlling interest. . . . .	–	2,018	–

### **Net current assets**

The Group’s net current assets increased from approximately RMB29.3 million as at 31 December 2021 to approximately RMB93.5 million as at 31 December 2022 mainly due to the increase in current assets as primarily driven by the increases in contract assets, trade receivables and cash and cash equivalent, and partially offset by the increase in current liabilities primarily driven by the increase in short-term bank borrowings during the period to enhance liquidity of the Group. The increase in these current assets and current liabilities was a result of expansion of the Group’s business. The Group’s net current assets decreased to approximately RMB36.3 million as at 31 December 2023 mainly due to the increase in current liabilities primarily driven by a significant increase of amounts due to shareholders, which outweighed the increase in current assets during the year. The significant increase in the amounts due to shareholders of approximately RMB127.7 million was mainly due to modifications made to the Reorganisation plan. Initially, the Reorganisation plan facilitated the complete transfer of the entire equity interest from Zhonggan Communication to Jiangxi Zhongge, considering Jiangxi Zhongge’s status as a newly established entity. In December 2022, waiver agreements were executed, relieving Jiangxi Zhongge of its payment obligations. However, in December 2023, modifications made to the Reorganisation plan necessitated a termination agreement, reinstating Jiangxi Zhongge’s responsibility to fulfill payments of approximately RMB127.7 million to Zhonggan Communication’s shareholders. In early 2024, the shareholders provided approximately RMB127.7 million as a gift in order to facilitate the transfer payment. As at the Latest Practicable Date, the transfer payment was completed, the amounts due to shareholders of approximately RMB127.7 million would decrease by the same amount, resulting in an increase in the net current assets. For details, please refer to the paragraphs headed “Financial Information – Liquidity and capital resources – Net current assets” in this document.

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### Net assets

The Group’s net assets increased from approximately RMB124.5 million as at 31 December 2021 to approximately RMB187.3 million as at 31 December 2022 primarily attributable to the profit generated for the year ended 31 December 2022 of approximately RMB35.0 million and the increase in other reserve of approximately RMB27.7 million as a result of the capital injections to Zhonggan Communication during the same year. However, there was a significant decrease in the Group’s net assets of approximately RMB59.1 million, resulting in a total of approximately RMB128.2 million as at 31 December 2023. The decrease was primarily caused by the modifications made to the Reorganisation plan which outweighed the profit accumulation during the year. According to the modifications made to the Reorganisation plan as mentioned above, the termination agreements revived the payment obligation of Jiangxi Zhongge, thus increasing the amounts due to shareholders by approximately RMB127.7 million and resulting in a temporary reduction of the Group’s equity by the same amount as at 31 December 2023. As at the Latest Practicable Date, the provision of approximately RMB127.7 million as a gift by Zhonggan Communication’s shareholders was completed, and the Group’s equity fully recovered by the same amount. For details of the Reorganisation, please refer to the section headed “History and Reorganisation” in this document.

### Selected items in consolidated cash flow statements

The following table sets out a summary of the Group’s consolidated cash flow statements for the Track Record Period, which has been extracted from the Accountants’ Report in Appendix I to this document:

	Year ended 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Net cash (used in)/generated from operating activities . . . . .	(12,246)	(36,687)	48,438
Net cash used in investing activities . . . . .	(7,497)	(8,404)	(706)
Net cash generated from/(used in) financing activities . . . . .	<u>50,604</u>	<u>73,887</u>	<u>(34,807)</u>
Net increase in cash and cash equivalents			
during the year . . . . .	30,861	28,796	[REDACTED]
Cash and cash equivalents at the beginning of the year . . . . .	8,989	39,850	68,646
Effect of foreign exchange. . . . .	-	-	(31)
Cash and cash equivalents at the end of the year . . . . .	<u>39,850</u>	<u>68,646</u>	<u>81,540</u>

For the years ended 31 December 2021 and 2022, the Group recorded net operating cash outflows of approximately RMB12.2 million and RMB36.7 million, respectively. Such net cash outflows from operating activities was mainly due to the increase in contract assets and trade and other receivables, as a result of the growth of the Group’s business. The Group has been improving the operating cash flow to keep up with the business growth. For the year ended 31 December 2023, the Group managed to record a net cash generated from operating activities of approximately RMB48.4 million, mainly due to an increase in profit before tax of approximately RMB31.1 million as a result of improved profitability and a decrease in trade and other receivables of approximately RMB27.3 million as a result of the collection of trade receivables in relation to Infrastructure Construction Services and Digitalisation Solution Services projects. For details, please refer to the paragraphs headed “Financial Information – Liquidity and capital resources – Cash flows” in this document.

### Turnover days for trade and bills receivables and contract assets

The following table sets out the Group’s turnover days for trade and bills receivables and contract assets during the Track Record Period:

	Year ended 31 December		
	2021	2022	2023
Turnover days for trade and bills receivables and contract assets (days). . . . .	<u>503.6</u>	<u>689.6</u>	<u>545.4</u>

Note: Average balance of trade receivables, bills receivables and contract asset multiplied by number of days in that year divided by total revenue.



## SUMMARY

During the Track Record Period, the Group experienced a prolonged turnover period for trade and bills receivables and contract assets, primarily due to (i) the lengthy inspection and acceptance and settlement audit processes of its customers for the Infrastructure Construction Services business sub-segment and (ii) extension of payment terms in relation to five Integrated Solution Services projects. The Group recognised revenue and corresponding contract assets for its Infrastructure Construction Services projects based on the work progress. However, the Group was entitled to (i) receive progress payment and issue interim VAT invoice only after the completion of inspection and acceptance procedures carried out by its customers and/or their agents and (ii) receive final payment (less retention money (if any)) and issue final VAT invoice only after completion of settlement audit procedures, which were typically arranged by its customers in stages. Such processes generally take a considerable amount of time after the recognition of revenue and the corresponding contract assets. Consequently, the Group maintained a substantial balance of contract assets, which would be transferred to trade receivables after the completion of the inspection and acceptance and settlement audit. Following the completion of inspection and acceptance and settlement audit, the Group could receive progress payment and final payment, respectively, from customers after a credit period of up to 90 days. This resulted in a significant balance of trade receivables and contract assets on the Group's balance sheet, contributing to the extended turnover period for trade and bills receivables and contract assets. According to the Ipsos Report, it is an industry norm that customers for the Infrastructure Construction Services tend to settle payments after a relatively substantial period of time subsequent to inspection and acceptance and settlement audit processes and issuance of VAT invoices. Additionally, customers in Digitalisation Solution Services tend to settle payments in stages after a relatively substantial period of time subsequent to delivery and acceptance of work, which is consistent with the industry practice as advised by Ipsos. In particular, for some of the Group's large-scale Digitalisation Solution Services projects, the Group may only receive payment after the end users have made the corresponding payment to the Group's customers, and the Group had extended the payment terms in relation to the five Integrated Solution Services projects in view of the temporary liquidity constraints faced by the end users, which include regulatory authorities and public institution, due to the COVID-19 pandemic. With respect to the high level of turnover days for trade and bills receivables and contract assets, the Group has implemented certain measures to mitigate their potential adverse impact and enhance the effectiveness of the Group's credit policy to improve its cash inflow from operating activities and turnover days for trade and bills receivables and contract assets. For details, please refer to the paragraphs headed “Financial Information – Analysis of major components of the consolidated statement of financial position – Trade and bills receivables – Trade and other receivables – Turnover days for trade and bills receivables and contract assets” in this document.

### Creditors' turnover days

The following table sets out the Group's creditors' turnover days during the Track Record Period:

	Year ended 31 December		
	2021	2022	2023
Creditors' turnover days (days) . . . . .	321.7	441.6	317.8

*Note:* Average balance of bill payables multiplied by number of days in that year and divided by total cost of sales.

During the Track Record Period, the Group experienced a prolonged creditors' turnover days. This was mainly due to the credit terms extended by suppliers, which allowed for a payment window of 30 to 45 days from the date of the Group's receipt of payment from its customers. In addition, the Group's customers had a prolonged inspection and acceptance and settlement audit process and they will settle the Group's trade debt in stages after completion of inspection and acceptance and settlement audit processes which resulted in delayed settlement of the Group's trade debts. The prolonged creditors' turnover days was therefore a direct result of the Group's extended turnover days for trade and bills receivables and contract assets.

### Key financial ratios

Key financial ratios	Year ended 31 December		
	2021	2022	2023
Current ratio (times) . . . . .	1.0	1.1	1.0
Quick ratio (times) . . . . .	1.0	1.1	1.0
Gearing ratio (times) . . . . .	2.5	2.0	2.7
Debt to equity ratio (times) . . . . .	2.2	1.6	2.1
Interest coverage (times) . . . . .	4.6	3.5	5.2
Return on equity (%) . . . . .	29.0	18.7	53.5
Return on assets (%) . . . . .	4.0	3.4	5.9

*Note:* For details of the calculation basis, please refer to the paragraph headed “Financial Information – Summary of financial information – Key financial ratios” in this document.

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## SUMMARY

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The Group recorded gearing ratio of approximately 2.5 times, 2.0 times and 2.7 times as at 31 December 2021, 2022 and 2023, respectively. The relatively high gearing ratio recorded by the Group was mainly due to the relatively low liquidity and balance of cash on hand, as a result of prolonged settlement or trade debts from customers. Therefore, the Group utilised bank borrowings to finance its working capital needs and enhance liquidity. The Group recorded bank borrowings of approximately RMB311.4 million, RMB375.2 million and RMB347.5 million as at 31 December 2021, 2022 and 2023. For details of the Group’s indebtedness during the Track Record Period, please refer to the section headed “Financial Information – Indebtedness” in this document.

### Indebtedness

As at 31 December 2021, 2022 and 2023 and 30 April 2024, the Group’s bank borrowings amounted to approximately RMB311.4 million, RMB375.2 million, RMB347.5 million and RMB339.0 million, respectively, comprising primarily secured bank borrowings used to finance the Group’s working capital requirements. Certain of these bank borrowings contained restrictive financial loan covenants that are commonly found in lending arrangements with financial institutions. As confirmed by the Directors, there were breaches of one of these covenants, which requires the gearing ratio to be not more than 65% for a period of three consecutive months or more, and the Group fell short of such requirement. As advised by the PRC Legal Advisers, the relevant bank borrowings may become repayable on demand upon such breach. Accordingly, the Group has obtained a waiver from the relevant bank which confirmed that, despite of such breach, the existing bank borrowings granted will remain valid for the remaining term. Based on the above, the PRC Legal Advisers are of the view that the possibility for the relevant principal bank to demand immediate repayment by the Group is low.

The other restrictive financial loan covenants which may be material to the Group, included, among others, that (i) the current ratio shall not fall under 1.0 for a period of three consecutive months or more; (ii) the ratio of contingent liabilities relative to net assets must not exceed 65% for a period of three consecutive months or more; and (iii) the Group must maintain profitability (i.e. net profit position) for the financial year. As at 31 December 2021, 2022 and 2023 and 30 April 2024, the Group’s current ratios were approximately 1.0, 1.1, 1.0 and 1.2 times, respectively. The Group’s net profit for the year/period also fulfilled the profitability requirements under the loan covenants during the Track Record Period and up to 30 April 2024. Furthermore, as confirmed by the Directors, the Group did not have any contingent liabilities during the Track Record Period and up to 30 April 2024.

In view of the above breach, the Group has implemented enhanced internal control measures on liquidity management and compliance with loan covenants. For details, please refer to the paragraphs headed “Financial Information – Working Capital” in this document.

### COMPETITIVE STRENGTHS

The Directors believe that the Group’s success is attributable to the following competitive strengths:

- the Group’s well-established operating history as a reputable integrated service provider in Jiangxi Province specialising in the provision of Telecommunications Infrastructure Services in the PRC;
- the Group’s diversified revenue base and service offerings and capability in capitalising on emerging trends in the telecommunications industry by offering Digitalisation Solution Services;
- the Group’s long established business relationships with its suppliers; and
- the Group’s experienced management team.

For details, please refer to paragraph headed “Business – Competitive strengths” in this document.

### BUSINESS STRATEGIES

The principal objectives of the Group are to develop its business and achieve sustainable growth through pursuing the following principal business strategies:

- continue to expand the Group’s Telecommunications Infrastructure Services in the Western Region of the PRC focusing on Xinjiang Uygur Autonomous Region and Yunnan Province;

## SUMMARY

- selectively pursue strategic acquisitions to strengthen the Group’s Digitalisation Solution Services;
- enhancing the Group’s liquidity position and financial capabilities in securing new large-scale Digitalisation Solution Services projects; and
- strengthening the Group’s research and development capabilities to enhance its provision of Digitalisation Solution Services.

For details, please refer to the paragraphs headed “Business – Business strategies” in this document.

### [REDACTED] STATISTICS

	Based on the minimum [REDACTED] of HK\$[REDACTED] per [REDACTED]	Based on the maximum [REDACTED] of HK\$[REDACTED] per [REDACTED]
[REDACTED] of the Shares <i>(Note 1)</i> . . . . .	HK\$[REDACTED]	HK\$[REDACTED]
Unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to equity shareholders of the Company per Share <i>(Notes 2 and 3)</i> . . . . .	HK\$[REDACTED]	HK\$[REDACTED]

*Notes:*

1. The calculation of [REDACTED] of the Shares is based on [REDACTED] Shares in issue immediately after [REDACTED] of the [REDACTED] and the [REDACTED] (assuming that the [REDACTED] is not exercised and without taking into account any Shares which may be granted upon the exercise of any [REDACTED] under the Share Option Scheme).
2. For details, please refer to the section headed “[REDACTED]” in Appendix II to this document.
3. No adjustment has been made to the [REDACTED] net tangible assets attributable to equity shareholders of the Company to reflect any trading result or other transactions of the Group entered into subsequent to 31 December 2023, including but not limited to the provision of [REDACTED] to the Group and the settlement of amounts due to the relevant shareholders on 3 April 2024 arising from termination of waiver agreement with relevant shareholders. Had such provision of funds and termination been completed on 31 December 2023, the [REDACTED] adjusted net tangible assets attributable to equity shareholders of the Company would have been increased by [REDACTED], and the [REDACTED] consolidated net tangible assets attributable to equity shareholders of the Company per Share would have been increased by approximately [REDACTED] (equivalent to [REDACTED]).

### [REDACTED]

It is estimated that the [REDACTED] from the [REDACTED] (after deducting [REDACTED] and estimated expenses payable by the Group in connection with the [REDACTED]), assuming the [REDACTED] is not exercised and an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] range), will be approximately HK\$[REDACTED]. The Group currently intends to apply the [REDACTED] in the following manner:

- approximately [REDACTED] or HK\$[REDACTED] (equivalent to approximately [REDACTED]) will be used to selectively pursue strategic acquisitions and acquire full ownership in companies specialising in the provision of services relating to digitalisation solution services;
- approximately [REDACTED] or HK\$[REDACTED] (equivalent to approximately [REDACTED]), together with the Group’s internal resources and/or bank borrowings, will be used as payment of the upfront costs required in respect of prospective Integrated Solution Services projects for 2024;
- approximately [REDACTED] or HK\$[REDACTED] (equivalent to approximately [REDACTED]), together with the Group’s internal resources and/or bank borrowings, will be used to strengthen the Group’s research and development capabilities to enhance its provision of Digitalisation Solution Services by purchasing hardware equipment;
- approximately [REDACTED] or HK\$[REDACTED] (equivalent to approximately [REDACTED]) will be used as general working capital.

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

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### [REDACTED]

The total [REDACTED] in relation to the [REDACTED], primarily consisting fees paid or payable to professional parties and [REDACTED] fees and commission, are estimated to be approximately HK\$[REDACTED] million, which accounted for approximately [REDACTED] of the [REDACTED] from the [REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative range of the [REDACTED], excluding any discretionary incentive fee which may be paid, and that the [REDACTED] will not be exercised). The estimated total [REDACTED] consist of (i) [REDACTED]-related expenses of approximately HK\$[REDACTED], and (ii) [REDACTED]-related expenses of approximately HK\$[REDACTED], including (a) fees and expenses of the Company’s legal advisers and auditors and reporting accountants of approximately HK\$[REDACTED]; and (b) other fees and expenses of approximately HK\$[REDACTED]. For the years ended 31 December 2021, 2022 and 2023, the Group incurred [REDACTED] of approximately HK\$[REDACTED], of which approximately HK\$[REDACTED] was charged to the Group’s consolidated statements of comprehensive income for the years ended 31 December 2021, 2022 and 2023, the remaining amount of approximately HK\$[REDACTED] was included in other receivables and will be subsequently charged to equity. It is estimated that [REDACTED] of approximately HK\$[REDACTED] will be incurred upon [REDACTED], of which approximately HK\$[REDACTED] will be charged to the consolidated statement of comprehensive income for the year ending 31 December 2024, and approximately HK\$13.4 million will be charged to equity.

### CONTROLLING SHAREHOLDERS

Immediately following the [REDACTED] of the [REDACTED] (assuming that the [REDACTED] is not exercised and without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), GT & Yangtze, which is owned as to approximately 70.0% by Mr. Liu Haoqiong and as to 30.0% by Ms. Tao Xiulan, will directly own approximately [REDACTED] of the issued share capital of the Company. Accordingly, GT & Yangtze, Mr. Liu Haoqiong and Ms. Tao Xiulan are the Controlling Shareholders within the meaning of the Listing Rules.

For further details, please refer to the section headed “Relationship with Controlling Shareholders” in this document.

### [REDACTED]

The Group undertook several [REDACTED] and entered into a series of agreements with four [REDACTED]. Immediately after the [REDACTED] of the [REDACTED] and the [REDACTED] (assuming that the [REDACTED] is not exercised and taking no account of any Shares to be issued upon the exercise of any [REDACTED] which may be granted under the Share Option Scheme), the [REDACTED], namely, Rui Da BVI, Shu Zhi Cayman, You Po BVI and Ms. Yeung, will be entitled to approximately [REDACTED], [REDACTED], [REDACTED] and [REDACTED] of the total issued shares of the Company, respectively. Rui Da BVI is a limited liability company incorporated in the BVI and wholly-owned by Rui Da Xin Tao, which in turn is a limited liability partnership established in the PRC and principally engaged in investment management, asset management and project investment. Shu Zhi Cayman is a limited liability company incorporated in the Cayman Islands and wholly-owned by Shu Zhi Shen Kong, which in turn is a limited liability partnership established in the PRC and principally engaged in corporate management and information consultancy services. You Po BVI is a limited liability company incorporated in the BVI and wholly-owned by You Po Investment, which in turn is a limited liability partnership established in the PRC and principally engaged in information consultancy services. Ms. Yeung is a Hong Kong individual and has over 10 years of experience in the consulting industry.

Save for the [REDACTED], each of the [REDACTED] did not have any past or present relationships (including, but without limitation, family, trust, business, employment relationships) or any agreements, arrangements, understanding or undertakings with the Company, the subsidiaries, Shareholders, Directors or senior management and any of their respective associates and is an Independent Third Party as at the Latest Practicable Date. For further details of the background of the [REDACTED] and the [REDACTED], please refer to the paragraphs headed “History and Reorganisation – [REDACTED]” in this document.

### DIVIDENDS

The companies comprising the Group did not declare or pay any dividend or distribution during the Track Record Period. As at the Latest Practicable Date, the Group did not have any specific dividend policy nor any pre-determined dividend payout ratio. For further details, please refer to the paragraphs headed “Financial Information – Dividends” in this document.

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### RISK FACTORS

There are risks associated with any investment. Some of the relatively material risks relating to the Group include, but not limited to, (i) the Group’s projects are concentrated in the Central Region of the PRC, in particular Jiangxi Province, and any material change pertaining to Jiangxi Province may materially and adversely affect the Group’s business, results of operations and profitability; (ii) the Group had a concentration of customers during the Track Record Period and any decrease or loss of business from the Group’s major customers could adversely and substantially affect the Group’s operations and financial conditions; (iii) the Group’s business operates on a non-recurring and project-by-project basis and failure to obtain new projects could materially affect the Group’s business and results of operations; (iv) the Group may not be able to transfer its contract assets to trade receivables and ensure the settlement of its trade receivables in a timely manner or at all due to reasons beyond the Group’s control and as a result, the Group’s liquidity may be materially and adversely affected; (v) the Group experienced high level of turnover days for trade and bills receivables and contract assets during the Track Record Period, and its cash flows may further deteriorate due to potential mismatches in the time between receipt of payments from the Group’s customers and payments to the Group’s suppliers, both of which may impact its operating cash flow position; (vi) the Group’s high level of indebtedness may persist or increase in the future; (vii) the Group may not be able to adequately protect its intellectual property rights, and the Group may also be exposed to intellectual property infringement or misappropriation claims; and (viii) the Group relies on the performance, quality and the continued supply of labour, ancillary construction materials, hardware and third-party software systems and technical support services etc. by its suppliers, and in particular labour suppliers, to complete certain parts of the Group’s projects. A detailed discussion of the risk factors is set out in the section headed “Risk Factors” in this document.

### COMPETITIVE LANDSCAPE

The telecommunications infrastructure services industry in the PRC is highly fragmented with approximately 366 companies possessing the First Tier Communications Project Implementation General Contracting Enterprise Qualification\* (通信工程施工總承包(一級)) in 2023. Similarly, the digitalisation solution services industry is also highly fragmented with top players dominating in different provinces. In spite of the above, according to the Ipsos Report, there exist multiple entry barriers in the telecommunications infrastructure services industry including (i) a strong capital position as a typical project involves significant upfront commitment of resources and capital and as the payment process can be lengthy and delays may occur, (ii) a proven track record as market players are required to demonstrate their competence and experience in the field during the tender process and (iii) licenses that are the prerequisites for a company to participate in the projects of the key market players in the telecommunications infrastructure services industry. For the digitalisation solution services industry, the entry barriers include (i) high cost of investment to enhance technologies, develop innovative solutions, train information technology talents and obtain intellectual property and (ii) talent competition for technical talents to conduct research and development of new solutions that meet users’ needs.

### IMPACT OF THE COVID-19 PANDEMIC

During the prevalence of the COVID-19 pandemic, some of the tendering processes of the Group’s customers for infrastructure construction or maintenance related projects had been terminated or postponed, while for some of the Group’s secured projects, the customers had placed fewer work orders or postponed the project completion schedule. For details, please refer to the paragraph headed “Business – Projects – Major Projects – Completed Projects” in this document. Meanwhile, the Group experienced (i) protracted timeframe for the inspection and acceptance and settlement audit procedures by its customers and (ii) delays in settlement of the customers’ accounts caused by the prolonged internal procedures of its customers and/or the extension of payment terms in relation to five Integrated Solution Services projects in view of the temporary liquidity constraints experienced by the end users (including regulatory authorities and public institution). For further details, please refer to the paragraphs headed “Business – Projects” and the section headed “Financial Information” in this document. However, due to the government’s initiatives and support to counter the economic impact of the COVID-19 pandemic by accelerating the digital transformation of enterprises and city management and the use of automated digital technologies in the post-COVID-19 era, there presented rising demand for 5G technologies which featured high speed, wide bandwidth and stable wireless data connection and network connectivity to facilitate business and social activities, hence leading to the urge for improvement of telecommunications infrastructure across the PRC. Coupled with the various competitive strengthens of the Group as set out in the paragraphs headed “Business – Competitive

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strengthens” in this document, the Directors considered that the Group had not experienced any material adverse impact on its business operations and financial performance as a result of the outbreak of the COVID-19 pandemic.

### RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Subsequent to the Track Record Period and up to the Latest Practicable Date, the Group continues to be focusing on its Telecommunications Infrastructure Services and Digitalisation Solution Services business segments, there has been no significant change in the Group’s business model or principal services. To the best knowledge of the Directors, the industries in which the Group is operating remained relatively stable after the Track Record Period and up to the Latest Practicable Date. Based on the Group’s unaudited management account, the Group recorded an increase in revenue as well as total gross profit for the four months ended 30 April 2024 when compared to the corresponding period in 2023. Such increase in revenue was primarily due to the improvement in both the Infrastructure Construction Services and the Infrastructure Maintenance Services business sub-segments, which also contributed to the improvement in gross profit for both of these business sub-segments over such period.

The Directors are endeavoured to seek new business opportunities for both the Telecommunications Infrastructure Services and Digitalisation Solution Services business segments in order to drive the financial performance of the Group. Subsequent to the Track Record Period and up to the Latest Practicable Date, the Group had submitted 97 new tenders for its Telecommunications Infrastructure Services projects and had been awarded 35 Telecommunications Infrastructure Services projects with an aggregate maximum or estimated contract value of approximately RMB114.9 million, 30 of which are Infrastructure Construction Services projects and five of which are Infrastructure Maintenance Services projects. These newly awarded/secured projects are generally of a smaller scale with a maximum or estimated contract value below RMB25.0 million for Infrastructure Construction Services projects or below RMB3.0 million for Infrastructure Maintenance Services projects. Further, the Group had secured, by way of single-source procurement and/or by responding to invitation to quote, two new Digitalisation Solution Services projects with an aggregate estimated contract value of approximately RMB10.4 million, both of which are Software Solution Services projects. These two newly secured projects are also Major Projects with an estimated contract value of approximately RMB3.2 million and RMB7.2 million, respectively, relating to the digital finance and digital government sectors. As at the Latest Practicable Date, the Group had a total of 130 On-going Projects and Pre-revenue Projects, comprising 122 Telecommunications Infrastructure Services projects and eight Digitalisation Solution Services projects, with a total outstanding project backlog of approximately RMB819.4 million and RMB15.1 million, respectively. Based on an assessment made by the Directors, the Group has given due consideration to the On-going Projects comprising Infrastructure Construction Services, Infrastructure Maintenance Services, Software Solution Services and System Maintenance Services, including an assessment of the appropriate conversion rate associated with these projects (if applicable). In addition, the Directors have considered certain prospective Integrated Solutions Services projects. Having given due consideration to all these relevant factors, the Directors have concluded that the Group’s net profit for the year ending 31 December 2024 is expected to be lower than the net profit for the year ended 31 December 2023. It is important to note that this assessment is based solely on the existing and potential projects described above. The Directors have excluded from their overall assessment any other projects that may potentially be secured between the Latest Practicable Date and the end of 2024.

The Directors confirmed that, up to the date of this document, there has been no material adverse change in the financial or trading positions or prospects of the Group since 31 December 2023 (being the date of which the Group’s latest audited consolidated financial statements were made up as set out in the Accountants’ Report included as Appendix I to this document) and there has been no event since 31 December 2023 which would materially affect the information shown in the Accountants’ Report included as Appendix I to this document.