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雲工場科技控股有限公司
Cloud Factory Technology Holdings Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2512)

**CLARIFICATION ANNOUNCEMENT IN RELATION TO
(1) THE INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024;
(2) THE 2024 INTERIM REPORT; AND
(3) THE TEMPORARY CHANGE IN USE OF NET PROCEEDS**

References are made to (i) the prospectus of Cloud Factory Technology Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 5 June 2024 (the “**Prospectus**”) in relation to the global offering (the “**Global Offering**”), setting out the original intended use of the net proceeds of the Global Offering at the time of the preparation of the Prospectus (the “**Net Proceeds**”); and (ii) the Company’s interim results announcement for the six months ended 30 June 2024 published on 27 August 2024 (the “**2024 Interim Results Announcement**”) and the Company’s 2024 interim report published on 20 September 2024 (the “**2024 Interim Report**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the 2024 Interim Results Announcement and the 2024 Interim Report.

ORIGINAL INTENDED USE OF NET PROCEEDS

The Company was listed on the Main Board of the Stock Exchange on the Listing Date with a total of 115,000,000 ordinary shares in the share capital of the Company with nominal value of US\$0.00001 each (the “**Share(s)**”) being offered under the Global Offering. Such Shares under the Global Offering consisted of 85,000,000 Shares issued by the Company and 30,000,000 Shares offered by the selling shareholder based on the share price of HK\$4.6 per Share. The aggregate nominal value of the said offer Shares is US\$1,150. The net proceeds from the Global Offering, after deducting the underwriting fees, commissions and estimated expenses paid and payable by the Company in connection with the Global Offering, were approximately HK\$336.8 million. The net price per offer Share is approximately

HK\$3.96 (excluding the Shares offered by the selling shareholder). To the best knowledge, information and belief of the Company, the participants of the Global Offering include, among others, institutional investors and retail investors. As disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus, the Net Proceeds were intended to be applied for the following purposes (the “**Original Intended Purposes**”):

- (1) approximately 47.7% of the Net Proceeds will be used to invest in various technologies to improve our service quality and enhance operational efficiency;
- (2) approximately 18.5% of the Net Proceeds will be used to enhance our *Lingjing Cloud* capabilities by developing our edge computing infrastructure;
- (3) approximately 12.8% of the Net Proceeds will be used to execute our recruitment plan for the components of the edge computing operation and edge cloud platform;
- (4) approximately 11.0% of the Net Proceeds will be used to develop edge computing technology and continue to integrate new technologies into our services to better serve our clients; and
- (5) approximately 10.0% of the Net Proceeds will be used for working capital and general corporate purposes.

CLARIFICATION OF THE 2024 INTERIM RESULTS ANNOUNCEMENT AND THE 2024 INTERIM REPORT

According to the 2024 Interim Results Announcement and the 2024 Interim Report, the Net Proceeds from the Global Offering (after deducting underwriting fees, commissions and estimated expenses paid and payable by the Company in connection with the Global Offering) was approximately HK\$336.8 million. It is stated that the Company had not utilised the Net Proceeds and intended to use the Net Proceeds in the same manner and proportion as set out in the Prospectus as at the date of the 2024 Interim Results Announcement and the 2024 Interim Report, respectively.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby clarifies that there had been certain temporary change in the use of Net Proceeds and part of the Net Proceeds were utilised in deviation from the Original Intended Purposes stated in the Prospectus.

TEMPORARY CHANGE IN USE OF NET PROCEEDS

To facilitate the ordinary and usual course of the Company’s business, the Company needs to settle the prepayment for procuring equipment and the costs of procuring internet data centre resources, such as bandwidth and cabinet resources (the “**Resources**”) that are necessary for the daily operation of the Company’s IDC Solution Services and Edge Computing Services from time to time.

In May 2024, the Company anticipated that the prepayments for procuring equipment would be settled with a bank loan (the “**Loan**”) while the costs of Resources and prepayments of Resources according to suppliers’ requests from time to time would be settled with other available funds of the Company.

However, due to the complicated internal control procedures of the bank and the overall pessimistic market conditions, the duration for the granting of bank loans were unexpectedly long. Most of the equipment procured by us was advanced and high-tech hardware or machinery with limited supply in the market. In most of the time, it will be a lengthy process for the Company's suppliers to source such equipment from all over the world. In addition, such equipment usually involves significant cost. Therefore, the suppliers usually require the Company to settle the full contract sum before they source the relevant equipment.

Given that (i) the time for procuring equipment was difficult to estimate and could be potentially lengthy; (ii) there had been limited supply of advanced equipment globally; (iii) the Company had plans to utilise such advanced equipment in its development of business to seize market opportunities as quickly as possible; and (iv) the market price of equipment at the material time had dropped, the Company decided to settle the equipment costs with cash available at the material time, which was originally intended to be utilised for paying the costs and prepayments of Resources. Such cash primarily comprised the Company's cash income attributable to the settlement of account receivables by clients as well as ordinary and usual borrowings from financial institutions for the carrying on of the Company's day-to-day business operation.

Subsequently, the Company continued to contact the bank regularly for the Loan and planned to settle the costs and prepayments of Resources with such Loan in order to cover the shortfall in cash as a result of the Company's settlement of equipment costs mentioned above. Nevertheless, in mid-June, although it was expected that the Loan could be secured shortly, the bank was still processing the application under internal procedures. Envisaging that the Loan could be secured in a short period of time, the Company decided to settle the costs and prepayments of Resources with the cash available at the material time, which included a part of the Net Proceeds.

As at 30 June 2024, approximately RMB141.9 million of the Net Proceeds was utilised for the settlement of the costs of Resources and prepayments of Resources, which amounted to approximately RMB102.1 million and RMB39.8 million, respectively. As a result, the Company has temporarily changed the use of its Net Proceeds as at 30 June 2024, the details of the revised allocation as well as the amounts utilised are set out below:

	Temporary allocation of the Net Proceeds <i>RMB'000</i>	Approximate percentage of the total Net Proceeds <i>%</i>	Utilised amounts as at 30 June 2024 <i>RMB'000</i>	Unutilised amounts as at 30 June 2024 <i>RMB'000</i>	Estimated completion of utilisation
Settlement of the costs of Resources	102,100	33.3	102,100	—	—
Prepayments of Resources	39,800	13.0	39,800	—	—
Original Intended Purposes	<u>164,588</u>	<u>53.7</u>	<u>—</u>	<u>164,588</u>	By 31 December 2026
Total	<u>306,488</u> ^(Note)	<u>100</u>	<u>141,900</u>	<u>164,588</u>	

Note: The total amount of the Net Proceeds refers to the equivalent of HK\$336.8 million in RMB based on the exchange rate of HK\$1.00 to RMB0.91.

Given that the Resources are procured and used by the Group on a recurring basis in the daily provision of IDC Solution Services and Edge Computing Services, the settlement of the costs and prepayments of Resources shall be regarded as transactions of a revenue nature in the ordinary and usual course of business of the Company. Therefore, the underlying transactions did not constitute any notifiable transactions or connected transactions under Chapter 14 and 14A of the Listing Rules.

After the Company successfully secured the Loan, the Net Proceeds had been fully recovered and the Company has ceased to utilise the Net Proceeds for the purposes mentioned above. As at 27 September 2024, the Company had cash and cash equivalents of approximately RMB311.6 million or HK\$342.4 million. As at the date of this announcement, the Company intends to utilise the Net Proceeds for the same purposes, in the same manner and under the same timeline according to the Prospectus. Going forward, the Company will not deviate from such plan unless it has announced the change in use of Net Proceeds in advance. For illustration, the existing plans for use of the Net Proceeds are set out in the following table:

	Approximate allocation of the Net Proceeds <i>HK\$'000</i>	Approximate percentage of the total Net Proceeds <i>%</i>	Utilised amounts as at 30 June 2024 <i>HK\$'000</i>	Unutilised amounts as at 30 June 2024 <i>HK\$'000</i>	Estimated completion of utilisation
Existing business improvement and operation development	160,654	47.7	—	160,654	By 31 December 2026
Comprehensive implementation and upgrade of our Edge Computing Services	62,308	18.5	—	62,308	By 31 December 2026
Recruitment of talents for IDC Solution Services and Edge Computing Services operations	43,110	12.8	—	43,110	By 31 December 2026
Cooperation with universities and research institutes for research and development	37,048	11.0	—	37,048	By 31 December 2026
Working capital and general corporate purposes	33,680	10.0	—	33,680	By 31 December 2026
Total	336,800	100	—	336,800	

The Board considers that the temporary change in the use of Net Proceeds were fair and reasonable and enabled the Group to meet its needs of utilising the Net Proceeds in a more efficient and flexible manner. The Board is also of the opinion that there is no material change in the nature of the Group's business as set out in the Prospectus, and the temporary change in the use of Net Proceeds did not have any material adverse impact on the operations of the Group and was in the best interests of the Company and its shareholders as a whole. Save for the above clarifications, there has been no other change in the use of Net Proceeds and the contents of the 2024 Interim Results Announcement as well as the 2024 Interim Report remain unchanged.

By order of the Board
Cloud Factory Technology Holdings Limited
Mr. Sun Tao
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 25 October 2024

As at the date of this announcement, the Board comprises Mr. Sun Tao, Mr. Jiang Yanqiu, Mr. Ji Lijun and Mr. Zhu Wentao as executive Directors; and Mr. Ip Mun Lam, Mr. Cui Qi and Ms. Zhao Hong as independent non-executive Directors.