UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 6-K

Report of Foreign Private Issuer
Pursuant to Rules 13a-16 or 15d-16
under the Securities Exchange Act of 1934

For the month of February 2023

Commission File Number: 001-39556

Chindata Group Holdings Limited

No. 47 Laiguangying East Road,
Chaoyang District, Beijing, 100012
The People's Republic of China
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

INTRODUCTORY NOTE

In connection with the launch of the offering of the U.S. dollar denominated senior notes, we are furnishing this report on Form 6-K, including our press release dated February 13, 2023, the sections titled "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Corporate Structure" and "Business", each included in our preliminary offering memorandum dated February 13, 2023 (the "Preliminary Offering Memorandum") and the unaudited interim condensed consolidated financial statements for the nine months ended September 30, 2021 and 2022 included in our Preliminary Offering Memorandum.

Disclaimers

The information contained in this Form 6-K (including the exhibits hereto) constitutes only a portion of the information being made available to prospective investors and is intended to be considered in the context of Chindata Group Holdings Limited (the "Company" or "Chindata Group")'s filings with the Securities and Exchange Commission (the "SEC") and other public announcements that the Company may make, by press release or otherwise, from time to time. Such information does not represent a comprehensive statement of the financial results for the Company. Accordingly, investors and stockholders should not place undue reliance on such financial information. The Company disclaims any intention or obligation to update or revise any such information as a result of developments occurring after the date hereof, except as required by law.

The information contained in this Form 6-K (including the exhibits hereto) does not constitute an offer to sell, or the solicitation of an offer to buy, any securities and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale would be unlawful.

None of the information contained in this Form 6-K (including the exhibits hereto) shall be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Presentation of Non-GAAP Information

The information contained in this Form 6-K (including the exhibits hereto) includes financial measures of the Company that are not calculated in accordance with accounting principles generally accepted in the United States ("GAAP"). The Company's management believes that these non-GAAP financial measures provide meaningful supplemental information that enhances management's, investors' and prospective lenders' ability to evaluate the Company's operating results and ability to repay its obligations.

These non-GAAP financial measures are not intended to be used in isolation and should not be considered a substitute for any other performance measure determined in accordance with GAAP. Investors and potential investors are cautioned that there are material limitations associated with the use of non-GAAP financial measures as an analytical tool, including that other companies may calculate similar non-GAAP financial measures differently than as defined in the attached materials, limiting their usefulness as a comparative tool. Investors and potential investors are encouraged to review the reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures contained herein.

Safe Harbor for Forward-Looking Statements

This Form 6-K (including the exhibits hereto) contains forward-looking statements. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "aims," "future," "intends," "plans," "believes," "estimates," "confident," "potential," "continue" or other similar expressions. Chindata Group may also make written or oral forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission (the "SEC"), in its annual report to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Statements that are not historical facts, including but not limited to statements about Chindata Group's beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: Chindata Group's goals and strategies; its future business development, financial condition and results of operations; the expected growth and competition of the data center and IT market; its ability to generate sufficient capital or obtain additional capital to meet its future capital needs; its ability to maintain competitive advantages; its ability to keep and strengthen its relationships with major clients and attract new clients; its ability to locate and secure suitable sites for additional data centers on commercially acceptable terms; government policies and regulations relating to Chindata Group's business or industry; general economic and business conditions in the regions where Chindata Group operates and globally and assumptions underlying or related to any of the foregoing. Further information regarding these and other risks is included in Chindata Group's filings with the SEC. All information provided in this Form 6-K (including exhibits hereto) is as of the date of this Form 6-K, and Chindata Group undertakes no obligation to update any forward-looking statement, except as required under applicable law.

EXHIBIT INDEX

The following exhibits are furnished as part of this Current Report on Form 6-K:

Exhibit Number	Description
99.1	Press release dated February 13, 2023 titled “Chindata Group Holdings Limited – Launch of Senior Notes Offering”
99.2	The section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in the Preliminary Offering Memorandum
99.3	The section titled “Corporate Structure” included in the Preliminary Offering Memorandum
99.4	The section titled “Business” included in the Preliminary Offering Memorandum
99.5	Unaudited Interim Condensed Consolidated Financial Statements for the nine months ended September 30, 2021 and 2022

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Chindata Group Holdings Limited has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 13, 2023

Chindata Group Holdings Limited

By:	/s/ Huapeng Wu
Name:	Huapeng Wu
Title:	Director and Chief Executive Officer

Exhibit 99.1

Chindata Group Holdings Limited
(“Chindata Group”)

LAUNCH OF SENIOR NOTES OFFERING

February 13, 2023, Chindata Group Holdings Limited (“Chindata Group”) (NASDAQ: CD) announced that it proposes to offer U.S. dollar denominated senior notes (the “Notes”) subject to market and other conditions. The Notes will be offered only outside the United States in offshore transactions in accordance with Regulation S under the Securities Act of 1933, as amended (the “Securities Act”).

The terms of the Notes, including the aggregate principal amount, the offer price and interest rate, have not been finalized and will be determined at the time of pricing of the offering subject to market conditions.

Chindata Group intends to use the net proceeds from the sale of the Notes for investment in data centers in the PRC and overseas, supplementing working capital and investment in research and development.

The Notes have not been, and will not be, registered under the Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. This announcement does not constitute an offer to sell or the solicitation of an offer to buy any securities, nor will there be any sale of securities referred to in this announcement, in any jurisdiction, including the United States, in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

This press release contains information about the pending offering of the Notes, and there can be no assurance that the offering of the Notes will be completed.

For Enquiries, Please Contact:

Chindata IR Team
ir@chindatagroup.com

Mr. Dongning Wang
dongning.wang@chindatagroup.com

Exhibit 99.2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our consolidated financial statements for the years ended December 31, 2019, 2020 and 2021 and for the nine months ended September 30, 2021 and 2022, together with the accompanying notes, included elsewhere in this offering memorandum. The financial statements included have been prepared in accordance with U.S. GAAP.

The following discussion and analysis contain certain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as factors that we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties some of which are beyond our control. Factors that could cause or contribute to such differences include those described in "Risk Factors" and elsewhere in this offering memorandum.

OVERVIEW

We are the leading carrier-neutral hyperscale data center solution provider in Asia-Pacific emerging markets, focusing on the China, India and Southeast Asia markets. Our data centers are highly integrated, specialized and mission-critical infrastructure used by our clients to analyze, manage and store their most important data, business systems and processes. We are a first mover in building next-generation hyperscale data centers in the markets we serve. Our client base includes leading technology companies such as ByteDance. Our clients benefit from our integrated platform to support and grow their business internationally. We operated 18 hyperscale data centers and two wholesale data centers in China, one hyperscale data center in Malaysia, and one hyperscale data center in India, and were constructing five data centers in China and four data centers in Malaysia as of September 30, 2022. We initiated our expansion plan in landing into the Thailand market in the third quarter of 2021 and we have finalized a business acquisition in Bangkok. Upon completion of technical upgrade, the Thailand project will be hosting 5MW IT capacity and capable of supporting our key clients' business development in Southeast Asia.

Our modern world is powered by data. Data serves as the foundation for modern-day technologies and services, including artificial intelligence, cloud computing, smart cities and homes, online entertainment and other on-demand services. Mass application and continuous development of these new technologies require a new generation of hyperscale data center — one that can provide fast delivery of scalable, cost-effective and flexible infrastructure.

Our next-generation hyperscale data centers are large, centralized, standardized and modular, capable of supporting a variety of IT infrastructure for leading technology companies. They also represent a new approach to designing and operating data centers to handle complex and high-volume data processing and analytics. Compared to traditional data centers, our next-generation hyperscale data centers provide many advantages and offer unique value propositions to clients. They are generally located on the outskirts of major cities with supply and cost advantages in land, power and other core elements to provide scalability and cost efficiency, as well as proximity advantages for low latency. As a result, our hyperscale data center solutions can achieve fast delivery, lower costs, better performance and deliver higher returns on invested capital. Our successful track record demonstrates that our hyperscale data center solutions effectively fulfill the elastic and scaling demand of our clients, many of whom are in stages of rapid growth. As of September 30, 2022, hyperscale data centers accounted for 97% of our 579 MW capacity in service, and hyperscale projects that put into services after 2020 are fully ramped to 95% utilization rate (based on contracted capacity) within around three quarters.

Our clients choose us as a long-term partner because we provide them with excellent and cost-effective data center solutions that meet or exceed world-class standards. Our data centers in service and under construction are strategically located in and around tier 1 cities in China, such as Beijing, Shanghai and Shenzhen, Mumbai, Kuala Lumpur and Bangkok. Specifically, our early site selection principle has given us first-mover advantages under the latest PRC national policies. Our site selection was carried out under the principle of "proximity to energy supply," and in turn, the majority of our data centers in China are located right in or around the Beijing-Tianjin-Hebei computing hub, which has been designated as one of the national computing hub under the "East Data West Computing" policy. In Asia-Pacific ("APAC") emerging markets, we have built a strong local execution team who are experienced in data center site selection and operation in various geographic areas. We also believe that our full-stack service capabilities in China can benefit us in our expansion in South-East Asia markets. Our solutions help our clients grow their businesses quickly and sustainably. In particular, our clients have appreciated our energy integration capabilities and strong Environmental, Social and Governance ("ESG") initiatives which will benefit our clients and us in the long run. Our hyperscale data center clients typically sign with us contracts of five to ten years, offering us high business visibility and certainty.

We offer end-to-end project management and operations by leveraging our in-house planning, design, construction, and maintenance capabilities. Together with our strong research and development and design expertise and highly efficient supply chain management capabilities, we promptly respond to client needs to construct and operate high-quality and cost-efficient next-generation hyperscale data centers. We rely on our 400 approved and pending patents, as of September 30, 2022, to rapidly design and construct modules meeting a variety of demand from clients in different industries. Our proprietary modular design solutions and the application of original design manufacturing, or ODM, through which we engage vendors to manufacture our licensed modules, provide us with a significant cost advantage.

We have experienced rapid growth in recent years. We operated six, ten, 13 and 18 hyperscale data centers in China as of December 31, 2019, 2020, 2021 and September 30, 2022, respectively, and one hyperscale data center in Malaysia as of each such date. Our data center capacity in service reached 193 MW as of December 31, 2019, 291 MW as of December 31, 2020, 440 MW as of December 31, 2021 and 579 MW as of September 30, 2022, 87%, 87%, 87% and 96% of which was contractually committed capacity, respectively. We had an additional 242 MW capacity under construction as of September 30, 2022.

Our total revenues increased from RMB853.0 million for the year ended December 31, 2019 to RMB1,831.1 million for the year ended December 31, 2020, and further increased to RMB2,852.3 million (US$447.6 million) for the year ended December 31, 2021. Our total revenues for the nine months ended September 30, 2022 was RMB3,161.4 million (US$444.4 million), as compared to RMB 2,070.5 million for the same period in 2021. Our net loss increased from RMB169.7 million for the year ended December 31, 2019 to RMB283.3 million for the year ended December 31, 2020, as compared with a net income of RMB316.4 million (US$49.7 million) for the year ended December 31, 2021. Our net income for the nine months ended September 30, 2022 was RMB535.2 million (US$75.2 million), as compared to net income of RMB201.8 million for the same period in 2021. Our adjusted EBITDA was RMB852.2 million in 2020, compared to adjusted EBITDA of RMB297.5 million in 2019, and our adjusted EBITDA further increased to RMB1,418.9 million (US$222.7 million) in 2021. Our adjusted EBITDA was RMB1,653.3 million (US$232.4 million) for the nine months ended September 30, 2022, as compared to adjusted EBITDA of RMB1,014.7 million for the same period in 2021. We derive a significant portion of revenues from ByteDance. In 2019, 2020 and 2021 and for the nine months ended September 30, 2021 and 2022, revenues from ByteDance accounted for 68.2%, 81.7%, 83.2%, 82.8% and 86.6% of our total revenues, respectively.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The following are the principal factors that have affected and will continue to affect our business, financial condition, results of operations and prospects.

Ability to Secure New Client Commitments and Increase Utilization and Retain Existing Clients

Our revenues are driven by our ability to secure new client commitments. We explore the new business needs of existing clients and help them enter new emerging markets by leveraging our integrated platform. We also actively develop relationships with potential new leading technology companies, and target to acquire new clients such as cloud service providers and Internet companies in Asia or globally. We also strive to optimize our collaboration with our client base to achieve high commitment and utilization rates and build long-term relationships. We focus on obtaining commitments during the construction phase by entering into pre-commitment agreements with clients. Our hyperscale data center clients generally enter into contracts with us for a term of five to ten years. Our results of operations are also influenced by our ability to maintain high utilization of our existing data center capacity.

In addition, the future growth of our business also depends on our ability to retain and deepen partnerships with our existing clients. We have derived in the past, and believe that we will continue to derive in the future, a significant portion of our revenues from a limited number of clients. For example, we derived revenues of RMB581.8 million, RMB1,495.6 million, RMB2,374.3 million (US$372.6 million), RMB1,715.1 million and RMB2,736.3 million (US$384.7million) from ByteDance, a leading technology company, accounting for 68.2%, 81.7%, 83.2%, 82.8% and 86.6% of our total revenues in 2019, 2020 and 2021 and for the nine months ended

September 30, 2021 and 2022, respectively. ByteDance typically signs hyperscale data center service contracts with us for a term of ten years. For a summary of the material terms of our contracts with ByteDance, see "*Business — Our Clients and Client Ecosystem Development — Material Terms of ByteDance Hyperscale Data Center Agreements.*"

For a discussion of the risks relating to our dependence on a limited number of major clients, see "*Risk Factors — Risks Relating to Our Business and Industry — Our revenues are highly dependent on a limited number of major clients, and the loss of any such client or any other significant client, or the inability of any such client or any other significant client to make payments to us as due, could have a material adverse effect on our business, results of operations and financial condition.*"

Ability to Develop and Operate Additional Hyperscale Data Centers

The growth of our business depends on our ability to successfully develop and operate additional hyperscale data centers to satisfy the growing capacity needs from our clients. We will continue to secure locations for new data centers based on our site selection strategies. We strive to maintain fast delivery times for new data center capacity to quickly satisfy to our clients' growing demand. Historically, we have been able to deliver a data center with 36 MW of capacity in China within six months of breaking ground at the site.

Furthermore, our future growth also depends on our ability to continue to expand our next-generation hyperscale data center campuses into new geographic regions in the emerging markets in Asia-Pacific. We plan to expand to other top-tier cities and the surrounding areas in China, and to leverage our integrated platform and success in our existing markets to set the industry standard for hyperscale data centers in emerging markets in Southeast Asia and India and other markets with prominent business opportunities. We believe our ability to secure strategic sites provides us with a significant first mover advantage.

Ability to Maintain and Enhance Construction and Operation Efficiency and Lower Costs

Our results of operations and profitability are affected by our ability to maintain and enhance data center construction and operation efficiency and lower our costs. We will continue to strengthen our capabilities in site planning, design, construction and operation. Our next-generation hyperscale data centers are characterized by centralization of resources, standardization of infrastructure development and modular design philosophy, which enables us to realize economies of scale and reduce costs. We also rely on our patents to rapidly design and construct modules that meet a variety of demand from clients in different industries in a cost-effective manner.

Furthermore, our profitability is dependent on our ability to manage our operating expenses. Our operating expenses consist primarily of general and administrative expenses, research and development expenses and selling and marketing expenses. We expect our operating expenses will increase in absolute amount as our business grows and as we make necessary adjustments to operate as a public company. However, we expect our operating expenses to decrease as a percentage of total revenues as we improve our operating efficiency and as a result of economies of scale.

Pricing Structure and Ability to Optimize Power Usage and Costs

Our results of operations will be affected by our pricing structure and our ability to optimize power usage and costs. We provide our clients with integrated power services. Power costs may be included in the costs for our solutions, or we may charge our clients separately for actual power consumed. Pricing in our hyperscale data centers service agreements contains variable considerations that are primarily based on the usage of capacity.

Accordingly, the actual power consumption by our clients during the term of the contract affects our profitability, since power costs constitute a major part of our cost of revenues. We have achieved high power efficiency and are dedicated to improving it continuously. Furthermore, we will continue to lower our power costs by increasing the contribution of low-cost renewable energy in our power usage.

Our Financing Costs

We have historically funded data center development and construction with a mixture of equity and debt financing. The costs of capital affect our ability to carry out construction projects as planned. High costs of capital push up the costs of data center development and may reduce our profitability if we are unable to pass on such increased costs to our clients by increasing the price of our services.

We expect to continue to fund future developments through debt financing or through the issuance of additional equity securities if necessary and when market conditions permit, and tight credit markets could hamper our expansion. As such our growth strategy depends upon the continued availability of suitable funding in the future.

KEY COMPONENTS OF RESULTS OF OPERATIONS

Revenues

The following table sets forth a breakdown of our revenues, in absolute amounts and as percentages of total revenues, for the periods indicated:

	For the Year Ended December 31,							For the Nine Months Ended September 30, (Unaudited)				
	2019		2020		2021			2021		2022		
	RMB	*%*	*RMB*	*%*	*RMB*	*US$*	*%*	*RMB*	*%*	*RMB*	*US$*	*%*
	(in thousands, except for percentages)											
Revenues:												
Colocation services	678,348	79.5	1,701,911	92.9	2,649,371	415,744	92.9	1,917,651	92.6	2,950,317	414,749	93.3
Colocation rental	128,870	15.1	124,991	6.8	114,681	17,996	4.0	85,894	4.1	98,425	13,836	3.1
Others	45,792	5.4	4,175	0.3	88,225	13,844	3.1	67,003	3.3	112,666	15,838	3.6
Total Revenues	853,010	100.0	1,831,077	100.0	2,852,277	447,584	100.0	2,070,548	100.0	3,161,408	444,423	100.0

We derive our revenues primarily from data center colocation services and data center colocation rental.

Colocation Services

- Revenues from colocation services consist of revenues from colocation services provided at our hyperscale data centers, certain of our wholesale data centers and from a related party.

Colocation Rental

Revenues from colocation rental consist of income from renting out data center space at our hyperscale data center in Malaysia to our clients for housing servers and other IT equipment.

Others

Other revenues primarily consist of proceeds we receive from fit-out, construction services and other services.

For the years ended December 31, 2019, 2020 and 2021, 78.9%, 86.7% and 94.7% of our total revenues were generated from hyperscale data centers, respectively, and the remaining 21.1%, 13.3% and 5.3% were from our wholesale and retail data centers, respectively. For the nine months ended September 30, 2021 and 2022, 94.4% and 96.3% of our total revenues were generated from hyperscale data centers, respectively, and the remaining 5.6% and 3.7% were from our wholesale and retail data centers, respectively.

Cost of Revenues

The following table sets forth the components of our cost of revenues, in absolute amounts and as percentages of total cost of revenues, for the periods indicated:

	For the Year Ended December 31,							For the Nine Months Ended September 30, (Unaudited)				
	2019		2020		2021			2021		2022		
	RMB	*%*	*RMB*	*%*	*RMB*	*US$*	*%*	*RMB*	*%*	*RMB*	*US$*	*%*
	(in thousands, except for percentages)											
Cost of Revenues												
Colocation services	(422,254)	(69.2)	(960,586)	(87.5)	(1,446,544)	(226,994)	(87.5)	(1,061,744)	(87.2)	(1,634,933)	(229,835)	(88.9)
Colocation rental	(152,961)	(25.1)	(135,160)	(12.3)	(125,188)	(19,645)	(7.6)	(94,141)	(7.7)	(105,298)	(14,802)	(5.7)
Others	(35,006)	(5.7)	(2,550)	(0.2)	(80,932)	(12,700)	(4.9)	(61,546)	(5.1)	(98,078)	(13,788)	(5.3)
Total cost of revenues	(610,221)	(100.0)	(1,098,296)	(100.0)	(1,652,664)	(259,339)	(100.0)	(1,217,431)	(100.0)	(1,838,309)	(258,425)	(100.0)

Operating Expenses

The following table sets forth the breakdown of our operating expenses, in absolute amounts and as percentages of total operating expenses, for the periods indicated:

	For the Year Ended December 31,							For the Nine Months Ended September 30, (Unaudited)				
	2019		**2020**		**2021**			**2021**		**2022**		
	RMB	*%*	*RMB*	*%*	*RMB*	*US$*	*%*	*RMB*	*%*	*RMB*	*US$*	*%*
	(in thousands, except for percentages)											
Operating expenses:												
Selling and marketing expenses	(47,496)	(15.6)	(99,092)	(14.1)	(89,654)	(14,069)	(17.10)	(70,960)	(17.76)	(52,900)	(7,437)	(11.91)
General and administrative expenses	(232,837)	(76.4)	(564,286)	(80.1)	(359,470)	(56,409)	(68.50)	(267,992)	(67.09)	(335,086)	(47,106)	(75.47)
Research and development expenses	(24,510)	(8.0)	(41,175)	(5.8)	(75,344)	(11,823)	(14.40)	(60,502)	(15.15)	(56,029)	(7,876)	(12.62)
Total operating expenses	(304,843)	(100.0)	(704,553)	(100.0)	(524,468)	(82,301)	(100.00)	(399,454)	(100.0)	(444,015)	(62,419)	100.0

Selling and Marketing Expenses

Selling and marketing expenses primarily consist of (i) labor cost (including share-based compensation) for our selling and marketing personnel, (ii) business development and promotion expenses, (iii) office and traveling expenses and (iv) amortization of customer relationship.

General and Administrative Expenses

General and administrative expenses primarily consist of (i) labor costs (including share-based compensation) for management and administrative personnel, (ii) depreciation and amortization, (iii) office and traveling expenses, (iv) professional fees and (v) other fees. Depreciation relates primarily to our office equipment and facilities used by our management and staff in the administrative department. Professional fees primarily consist of expenses for legal, accounting and consulting services.

Research and Development Expenses

Research and development expenses primarily consist of salaries and benefits for our research and development personnel and third-party service provider costs.

OUR RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated results of operations for the periods presented, both in absolute amount and as a percentage of the total revenues for the periods presented. This information should be read together with our consolidated financial statements and related notes included elsewhere in this offering memorandum. The results of operations in any year are not necessarily indicative of our future trends.

	For the Year Ended December 31,							For the Nine Months Ended September 30, (Unaudited)				
	2019		**2020**		**2021**			**2021**		**2022**		
	RMB	*%*	*RMB*	*%*	*RMB*	*US$*	*%*	*RMB*	*%*	*RMB*	*US$*	*%*
	(in thousands, except for percentages)											
Revenues:												
Colocation services	678,348	79.5	1,701,911	92.9	2,649,371	415,744	92.9	1,917,651	92.6	2,950,317	414,749	93.3
Colocation rental	128,870	15.1	124,991	6.8	114,681	17,996	4.0	85,894	4.1	98,425	13,836	3.1
Others	45,792	5.4	4,175	0.3	88,225	13,844	3.1	67,003	3.3	112,666	15,838	3.6
Total revenues	853,010	100.0	1,831,077	100.0	2,852,277	447,584	100.0	2,070,548	100.0	3,161,408	444,423	100.0
Cost of revenues:												
Colocation services . .	(422,254)	(49.5)	(960,586)	(52.5)	(1,446,544)	(226,994)	(50.7)	(1,061,744)	(51.3)	(1,634,933)	(229,835)	(51.7)
Colocation rental	(152,961)	(17.9)	(135,160)	(7.4)	(125,188)	(19,645)	(4.4)	(94,141)	(4.5)	(105,298)	(14,802)	(3.3)
Others	(35,006)	(4.1)	(2,550)	(0.1)	(80,932)	(12,700)	(2.8)	(61,546)	(3.0)	(98,078)	(13,788)	(3.1)
Total cost of revenues(1)	(610,221)	(71.5)	(1,098,296)	(60.0)	(1,652,664)	(259,339)	(57.9)	(1,217,431)	(58.8)	(1,838,309)	(258,425)	(58.1)
Gross profit	242,789	28.5	732,781	40.0	1,199,613	188,245	42.1	853,117	41.2	1,323,099	185,998	41.9

	For the Year Ended December 31,							For the Nine Months Ended September 30, (Unaudited)				
	2019		2020		2021			2021		2022		
	RMB	*%*	*RMB*	*%*	*RMB*	*US$*	*%*	*RMB*	*%*	*RMB*	*US$*	*%*
Operating expenses												
Selling and marketing expenses[1]	(47,496)	(5.5)	(99,092)	(5.4)	(89,654)	(14,069)	(3.1)	(70,960)	(3.4)	(52,900)	(7,437)	(1.7)
General and administrative expenses[1]	(232,837)	(27.3)	(564,286)	(30.8)	(359,470)	(56,409)	(12.6)	(267,992)	(13.0)	(335,086)	(47,106)	(10.6)
Research and development expenses	(24,510)	(2.9)	(41,175)	(2.3)	(75,344)	(11,823)	(2.7)	(60,502)	(2.9)	(56,029)	(7,876)	(1.7)
Total operating expenses	(304,843)	(35.7)	(704,553)	(38.5)	(524,468)	(82,301)	(18.4)	(399,454)	(19.3)	(444,015)	(62,419)	(14.0)
Operating (loss) income	(62,054)	(7.2)	28,228	1.5	675,145	105,944	23.7	453,663	21.9	879,084	123,579	27.8
Interest income	7,161	0.8	27,616	1.5	58,607	9,197	2.1	47,120	2.3	38,276	5,381	1.2
Interest expense	(102,290)	(12.0)	(238,384)	(13.0)	(294,978)	(46,288)	(10.3)	(226,609)	(10.9)	(239,906)	(33,726)	(7.6)
Foreign exchange (loss) gain	(2,438)	(0.3)	(3,548)	(0.2)	(4,726)	(742)	(0.2)	790	0.0	6,963	979	0.2
Changes in fair value of financial instruments	(11,189)	(1.3)	(12,717)	(0.7)	12,605	1,978	0.4	12,886	0.6	36,023	5,064	1.1
Others, net .	(633)	(0.1)	(17,201)	(0.9)	24,183	3,795	0.8	15,376	0.7	33,235	4,672	1.1
(Loss) income before income taxes	(171,443)	(20.1)	(216,006)	(11.8)	470,836	73,884	16.5	303,226	14.6	753,675	105,949	23.8
Income tax benefit (expense)	1,742	0.2	(67,339)	(3.7)	(154,416)	(24,231)	(5.4)	(101,471)	(4.9)	(218,507)	(30,717)	(6.9)
Net (loss) income	(169,701)	(19.9)	(283,345)	(15.5)	316,420	49,653	11.1	201,755	9.7	535,168	75,232	16.9

Note:

(1) Share-based compensation expenses were allocated as seen in the following table.

	For the Year Ended December 31,				For the Nine Months Ended September 30,		
	2019	2020	2021		2021	2022	
					(Unaudited)		
	RMB	*RMB*	*RMB*	*US$*	*RMB*	*RMB*	*US$*
				(in thousands)			
Cost of revenues	—	32,990	6,170	968	12,263	12,388	1,742
Selling and marketing expenses	—	21,691	13,562	2,128	12,276	7,798	1,096
General and administrative expenses	63,746	295,165	100,992	15,848	77,897	128,377	18,047
Construction in progress	—	20,127	(1,677)	(263)	(1,495)	(7,203)	(1,013)
Total	63,746	369,973	119,047	18,681	100,941	141,360	19,872

Nine Months Ended September 30, 2022 Compared with Nine Months Ended September 30, 2021

Revenues

Our total revenues increased from RMB2,070.5 million for the nine months ended September 30, 2021 to RMB3,161.4 million (US$444.4 million) for the nine months ended September 30, 2022, primarily driven by the robust growth of our colocation services.

Revenues from our colocation services increased from RMB1,917.7 million for the nine months ended September 30, 2021 to RMB2,950.3 million (US$414.7 million) for the nine months ended September 30, 2022, primarily due to an increase of data center capacity in service from 440 MW as of December 31, 2021 to 579 MW as of September 30, 2022, as a result of (i) customers with commitments moving into the data center area, (ii) the signing of new service contracts by customers who commenced utilizing services during the period, and (iii) the commencement of operations of new data centers since December 31, 2021.

Revenues from colocation rental were RMB85.9 million for the nine months ended September 30, 2021 and remained relatively stable at RMB98.4 (US$13.8 million) for the nine months ended September 30, 2022.

Other revenues were RMB67.0 million for the nine months ended September 30, 2021 and increased to RMB112.7 million for the nine months ended September 30, 2022, primarily due to an increase of revenue incurred in relation to construction of buildings for data centers owned by our clients.

Cost of Revenues

In line with the revenue growth, our cost of revenues increased from RMB1,217.4 million for the nine months ended September 30, 2021 to RMB1,838.3 million (US$258.4 million) for the nine months ended September 30, 2022, mainly driven by an increase in utility costs of RMB388.4 million (US$54.6 million) and an increase of depreciation and amortization expenses of RMB147.0 million (US$20.7 million).

Cost of revenues from our colocation services increased from RMB1,061.7 million for the nine months ended September 30, 2021 to RMB1,634.9 million (US$229.8 million) for the nine months ended September 30, 2022, due to an increase in utility costs of RMB380.0 million (US$53.4 million) and an increase in depreciation expenses of RMB145.2 million (US$20.4 million). Cost of revenues from colocation services for the nine months ended September 30, 2022 primarily consisted of (i) utility costs of RMB926.0 million (US$130.2 million) and (ii) depreciation costs of RMB478.8 million (US$67.3 million).

Cost of revenues from colocation rental increased from RMB94.1 million for the nine months ended September 30, 2021 to RMB105.3 million (US$14.8 million) for the nine months ended September 30, 2022, primarily due to an increase in utility costs and depreciation expense.

Cost of revenues from other revenues increased from RMB61.5 million for the nine months ended September 30, 2021 to RMB98.1 million (US$13.8 million) for the nine months ended September 30, 2022, primarily due to an increase of cost of revenues incurred in relation to construction of buildings for data centers owned by our clients.

Gross Profit

Our gross profit increased from RMB853.1 million for the nine months ended September 30, 2021 to RMB1,323.1 million (US$186.0 million) for the nine months ended September 30, 2022.

Operating Expenses

Our operating expenses increased from RMB399.5 million for the nine months ended September 30, 2021 to RMB444.0 million (US$62.4 million) for the nine months ended September 30, 2022, primarily due to an increase in share-based compensation of RMB46.0 million (US$6.5 million).

Selling and Marketing Expenses

Our selling and marketing expenses decreased from RMB71.0 million for the nine months ended September 30, 2021 to RMB52.9 million (US$7.4 million) for the nine months ended September 30, 2022, primarily due to less share-based compensation and less marketing activity. Our selling and marketing expenses for the nine months ended September 30, 2022 primarily consisted of (i) amortization of intangible assets of RMB31.3 million (US$4.4 million), (ii) share-based compensation expenses of RMB7.8 million (US$1.1 million), and (iii) personnel costs of RMB10.0 million (US$1.4 million).

General and Administrative Expenses

Our general and administrative expenses increased from RMB268.0 million for the nine months ended September30, 2021 to RMB335.1 million (US$47.1 million) for the nine months ended September 30, 2022, primarily due to a higher share-based compensation expense of RMB50.5 million (US$7.1 million) and increasing personnel cost of RMB16.3 million (US$2.3 million) as we grew our business. Our general and administrative expenses for the nine months ended September 30, 2022 primarily consisted of (i) share-based compensation expense of RMB128.4 million (US$18.0 million), (ii) personnel costs of RMB97.7 million (US$13.7 million), and (iii) professional fee of RMB51.9 million (US$7.3 million).

Research and Development Expenses

Our research and development expenses decreased from RMB60.5 million for the nine months ended September 30, 2021 to RMB56.0 million (US$7.9 million) for the nine months ended September 30, 2022. Our research and development expenses for the nine months ended September 30, 2022 primarily included personnel costs of RMB54.4 million (US$7.6 million) in such period.

Operating Income

As a result of the foregoing, our operating income increased from RMB453.7 million for the nine months ended September 30, 2021 to RMB879.1 million (US$123.6 million) for the nine months ended September 30, 2022.

Interest Income

Our interest income decreased from RMB47.1 million for the nine months ended September 30, 2021 to RMB38.3 million (US$5.4 million) for the nine months ended September 30, 2022, primarily due to less cash and cash equivalents used in, among others, bank financial products and deposits.

Interest Expense

Our interest expense increased from RMB226.6 million for the nine months ended September 30, 2021 to RMB239.9 million (US$33.7 million) for the nine months ended September 30, 2022, primarily due to an increase in drawdown of bank loans.

Changes in Fair Value of Financial Instruments

Our fair value gain of financial instruments increased from RMB12.9 million for the nine months ended September 30, 2021 to RMB36.0 million (US$5.1 million) for the nine months ended September 30, 2022, primarily due to a increase in fair value of derivatives of RMB33.6 million (US$4.7 million).

Income Before Income Taxes

As a result of the foregoing, we had income before income taxes of RMB753.7 million (US$105.9 million) for the nine months ended September 30, 2022, compared to income before income tax of RMB303.2 million for the nine months ended September 30, 2021.

Income Tax Expense

We had income tax expense of RMB101.5 million for the nine months ended September 30, 2021 and RMB218.5 million (US$30.7 million) for the nine months ended September 30, 2022, primarily due to an increase in income before taxes of certain of our PRC subsidiaries.

Net Income

As a result of the foregoing, we had net income of RMB535.2 million (US$75.2 million) for the nine months ended September 30, 2022 as compared to net income of RMB201.8 million for the nine months ended September 30, 2021.

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

Revenues

Our total revenues increased from RMB1,831.1 million in 2020 to RMB2,852.3 million (US$447.6 million) in 2021, primarily driven by the robust growth of the Company's colocation services.

Revenues from our colocation services increased from RMB1.7 billion in 2020 to RMB2.6 billion (US$415.7 million) in 2021, primarily due to an increase of data center capacity in service from 291 MW as of December 31, 2020 to 440 MW as of December 31, 2021, as a result of (i) customers with commitments moving into the data center area, (ii) the signing of new service contracts by customers who commenced utilizing services during the period, and (iii) the commencement of operations of new data centers since December 31, 2020.

Revenues from colocation rental were RMB125.0 million in 2020, and remained relatively stable at RMB114.7 million (US$18.0 million) in 2021.

Other revenues increased from RMB4.2 million in 2020 to RMB88.2 million (US$13.8 million) in 2021, primarily due to an increase of revenues incurred in relation to construction of buildings for data centers owned by our client.

Cost of Revenues

Our cost of revenues increased by 50.5% from RMB1,098.3 million in 2020 to RMB1,652.7 million (US$259.3 million) in 2021, due to an increase in utility costs of RMB307.7 million (US$48.3 million) and an increase in depreciation and amortization expenses of RMB169.7 million (US$26.6 million).

Cost of revenues from colocation services in China increased from RMB960.6 million in 2020 to RMB1,446.5 million (US$227.0 million) in 2021, due to an increase in utility costs of RMB308.8 million (US$48.5 million) and an increase in depreciation expenses of RMB176.4 million (US$27.7 million). Cost of revenues from colocation services in 2021 primarily consisted of (i) utility costs of RMB791.0 million (US$124.1 million) and (ii) depreciation costs of RMB528.9 million (US$83.0 million).

Cost of revenues from colocation rental from our overseas data center business decreased by 7.4% from RMB135.2 million in 2020 to RMB125.2 million (US$19.6 million) in 2021, primarily due to a decrease in depreciation expenses.

Other cost of revenues increased from RMB2.6 million in 2020 to RMB80.9 million (US$12.7 million) in 2021, primarily due to an increase of cost of revenues incurred in relation to construction of buildings for data centers owned by our client.

Operating Expenses

Our operating expenses decreased from RMB704.6 million in 2020 to RMB524.5 million (US$82.3 million) in 2021, due to a decrease in share-based compensation of RMB202.3 million (US$31.8 million) and a decrease in one-off management consulting fee of RMB72.8 million (US$11.4 million).

Selling and Marketing Expenses

Our selling and marketing expenses decreased from RMB99.1 million in 2020 to RMB89.7 million (US$14.1 million) in 2021, primarily due to a decrease in share-based compensation expenses. Our selling and marketing expenses in 2021 primarily consisted of (i) amortization of intangible assets of RMB41.7 million (US$6.5 million), (ii) share-based compensation expenses of RMB13.6 million (US$2.1 million), and (iii) advertising expenses of RMB10.2 million (US$1.6 million).

General and Administrative Expenses

Our general and administrative expenses decreased from RMB564.3 million in 2020 to RMB359.5 million (US$56.4 million) in 2021, due to a decrease in share-based compensation expenses of RMB194.2 million (US$30.5 million) and a decrease in management consulting services fee related to IPO of RMB72.8 million (US$11.4 million) and an increase in employee benefit expenses of RMB29.9 million (US$4.7 million). Our general and administrative expenses in 2021 primarily consisted of (i) share-based compensation expense of RMB101.0 million (US$15.8 million), (ii) personnel costs of RMB110.0 million (US$17.3 million), and (iii) professional fee of RMB76.2 million (US$12.0 million).

Research and Development Expenses

Our research and development expenses increased from RMB41.2 million in 2020 to RMB75.3 million (US$11.8 million) in 2021, primarily due to an increase in personnel costs. Our research and development expenses in 2021 primarily included personnel costs of RMB72.0 million (US$11.3 million) in such period.

Interest Income

Our interest income increased from RMB27.6 million in 2020 to RMB58.6 million (US$9.2 million) in 2021, due to an increase of bank financial products in cash and cash equivalents of RMB30.6 million (US$4.8 million) and an increase of short-term investments of RMB0.4 million (US$0.1 million).

Interest Expense

Our interest expense increased from RMB238.4 million in 2020 to RMB295.0 million (US$46.3 million) in 2021, primarily due to an increase of long-term bank loans.

Changes in Fair Value of Financial Instruments

We had fair value loss of financial instruments of RMB12.7 million in 2020. We recorded a fair value income of RMB12.6 million (US$2.0 million) in 2021, due to the increase in fair value of forward exchange rate contracts and forward interest rate of RMB7.1 million (US$1.1 million) and certain short-term investments of RMB10.6 million (US$1.7 million), and the decrease in fair value of contingent considerations of RMB5.1 million (US$0.8 million).

Loss (Income) Before Income Taxes

As a result of the foregoing, we had income before income taxes of RMB470.8 million (US$73.9 million) in 2021, compared to loss before income taxes of RMB216.0 million in 2020.

Income Tax Expense

We had income tax expense of RMB67.3 million in 2020 and income tax expense of RMB154.4 million (US$24.2 million) in 2021, primarily due to the increase in income before taxes of certain of our PRC subsidiaries.

Net (Loss) Income

As a result of the foregoing, our net income was RMB316.4 million (US$49.7 million) in 2021, compared with net loss of RMB283.3 million in 2020.

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Revenues

Our total revenues increased from RMB853.0 million for the year ended December 31, 2019 to RMB1,831.1 million for the year ended December 31, 2020, primarily driven by the robust growth of our colocation services.

Revenues from our colocation services increased from RMB678.3 million for the year ended December 31, 2019 to RMB1.7 billion for the year ended December 31, 2020, primarily due to growth of our business.

Revenues from colocation rental were RMB128.9 million in 2019 and remained relatively stable at RMB125.0 million for the year ended December 31, 2020.

Other revenues were RMB45.8 million in 2019. We had other revenues of RMB4.2 million for the year ended December 31, 2020.

Cost of Revenues

Our cost of revenues increased by 80.0% from RMB610.2 million for the year ended December 31, 2019 to RMB1,098.3 million for the year ended December 31, 2020, primarily due to an increase in utility costs and depreciation and amortization expenses.

Cost of revenues from colocation services in China increased from RMB422.3 million for the year ended December 31, 2019 to RMB960.6 million for the year ended December 31, 2020, primarily due to an increase in utility costs and depreciation expenses. Cost of revenues from colocation services for the year ended December 31, 2020 primarily consisted of (i) utility costs of RMB452.6 million and (ii) depreciation costs of RMB273.1 million.

Cost of revenues from colocation rental from our overseas data center business decreased by 11.6% from RMB153.0 million for the year ended December 31, 2019 to RMB135.2 million in 2020, primarily due to a decrease in depreciation expenses.

Other cost of revenues decreased from RMB35.0 million for the year ended December 31, 2019 to RMB2.6 million for the year ended December 31, 2020, primarily due to a decrease of fitout revenue.

Operating Expenses

Our operating expenses increased from RMB304.8 million for the year ended December 31, 2019 to RMB704.6 million for the year ended December 31, 2020, primarily due to an increase in share-based compensation and one-off management consulting fee. Such increase was primarily driven by our business growth in China.

Selling and Marketing Expenses

Our selling and marketing expenses increased from RMB47.5 million for the year ended December 31, 2019 to RMB99.1 million for the year ended December 31, 2020, primarily due to an increase in share-based compensation expenses and advertising expenses. Our selling and marketing expenses for the year ended December 31, 2020 primarily consisted of (i) amortization of intangible assets of RMB41.9 million, (ii) share-based compensation expenses of RMB21.7 million, and (iii) advertising expenses of RMB14.3 million.

General and Administrative Expenses

Our general and administrative expenses increased from RMB232.8 million for the year ended December 31, 2019 to RMB564.3 million for the year ended December 31, 2020, primarily due to an increase in share-based compensation expenses, management consulting services fee related to IPO and employee benefit expenses. Our general and administrative expenses in 2020 primarily consisted of (i) share-based compensation expense of RMB295.2 million, (ii) personnel costs of RMB80.1 million, (iii) management consulting services fees of RMB72.8 million, and (iv) professional fee of RMB60.8 million.

Research and Development Expenses

Our research and development expenses increased from RMB24.5 million for the year ended December 31, 2019 to RMB41.2 million for the year ended December 31, 2020, primarily due to an increase in personnel costs. Our research and development expenses for the year ended December 31, 2020 primarily consisted of personnel costs of RMB40.0 million in such period.

Impairment of Goodwill

Our impairment of goodwill was nil for the years ended December 31, 2019 and 2020, respectively.

Interest Income

Our interest income increased from RMB7.2 million for the year ended December 31, 2019 to RMB27.6 million for the year ended December 31, 2020, primarily due to an increase of bank financial products in cash and cash equivalents.

Interest Expense

Our interest expense increased from RMB102.3 million for the year ended December 31, 2019 to RMB238.4 million for the year ended December 31, 2020, primarily due to an increase of long-term bank loans.

Changes in Fair Value of Financial Instruments

We had fair value loss of financial instruments of RMB11.2 million for the year ended December 31, 2019. We recorded a fair value loss of RMB12.7 million for the year ended December 31, 2020, primarily due to the changes in fair value of forward exchange rate contracts and interest rate swaps.

Loss Before Income Taxes

As a result of the foregoing, we had loss before income taxes of RMB216.0 million for the year ended December 31, 2020, compared to RMB171.4 million for the year ended December 31, 2019.

Income Tax Benefit (Expense)

We had income tax benefit of RMB1.7 million for the year ended December 31, 2019 and income tax expense of RMB67.3 million for the year ended December 31, 2020, primarily due to the increase in income before taxes of certain of our PRC subsidiaries.

Net Loss

As a result of the foregoing, our net loss increased by 66.9% from RMB169.7 million for the year ended December 31, 2019 to RMB283.3 million for the year ended December 31, 2020.

NON-GAAP MEASURES

To supplement our consolidated financial statements, which are prepared and presented in accordance with U.S. GAAP, we use adjusted EBITDA, adjusted EBITDA margin, adjusted loss or income and adjusted net loss or income margin, each a non-GAAP financial measure, to understand and evaluate our core operating performance. These non-GAAP financial measures, which may differ from similarly titled measures used by other companies. They have material limitations as an analytical tool, as they do not include all items that impact our net loss or income for the period, and are presented to enhance investors' overall understanding of our financial performance and should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with U.S. GAAP.

We define adjusted EBITDA as net loss or income excluding interest income and expenses, income tax expenses, depreciation and amortization, share-based compensation, expenses related to the Reorganization (non-recurring expenses for the year ended December 31, 2019), management consulting services fee incurred to affiliates of the Bain Capital Entities and certain of our shareholders, changes in fair value of financial instruments, foreign exchange (loss) gain, and non-cash operating lease cost relating to prepaid land use rights. Adjusted EBITDA margin represents adjusted EBITDA as a percentage of total revenues. Adjusted net loss or income is defined as net loss or income excluding share-based compensation, expense related to the Reorganization (non-recurring expenses for the year ended December 31, 2019), management consulting services fee, and depreciation and amortization of property and equipment and intangible assets resulting from business combination, as adjusted for the tax effects on Non-GAAP adjustments. Adjusted net loss or income margin represents adjusted net loss or income as a percentage of total revenues. We believe that these non-GAAP financial measures provide useful information to investors and others in understanding and evaluating our operating results. These non-GAAP financial measures eliminate the impact of items that we do not consider indicative of the performance of our business. While we believe that these non-GAAP financial measures are useful in evaluating our business, this information should be considered as supplemental in nature and is not meant as a substitute for the related financial information prepared in accordance with U.S. GAAP.

The table below presents reconciliations of adjusted EBITDA to net loss or income, the most directly comparable U.S. GAAP financial measure, as well as net (loss) income margin, adjusted EBITDA margin, for the periods indicated.

	For the Year Ended December 31,				For the Nine Months Ended September 30,		
	2019	2020	2021		2021	2022	
	RMB	*RMB*	*RMB*	*US$*	*RMB*	*RMB*	*US$*
	(in thousands, except for percentages)						
Net (loss) income	(169,701)	(283,345)	316,420	49,653	201,755	535,168	75,232
Add: Depreciation & amortization(1)	243,653	415,692	595,107	93,385	440,446	589,192	82,827
Add: Net interest expenses	95,129	210,768	236,371	37,091	179,489	201,630	28,345
Add: Income tax (benefit) expenses	(1,742)	67,339	154,416	24,231	101,471	218,507	30,717
Add: Share-based compensation	63,746	349,846	120,724	18,944	102,436	148,563	20,885
Add: Expenses related to the Reorganization(2)	36,312	—	—	—	—	—	—
Add: Management consulting services fee	15,228	72,757	—	—	—	—	—
Add: Changes in fair value of financial instruments	11,189	12,717	(12,605)	(1,978)	(12,886)	(36,023)	(5,064)
Add: Foreign exchange (gain) loss	2,438	3,548	4,726	742	(790)	(6,963)	(979)
Add: Non-cash operating lease cost relating to prepaid land use rights	1,249	2,860	3,709	582	2,743	3,237	455
Adjusted EBITDA	297,501	852,182	1,418,868	222,650	1,014,664	1,653,311	232,418
Net (loss) income margin	(19.9)%	(15.5)%	11.1%	11.1%	9.7%	16.9%	16.9%
Adjusted EBITDA margin	34.9%	46.5%	49.7%	49.7%	49.0%	52.3%	52.3%

Notes:

(1) Before the deduction of government grants.

(2) Expenses related to the Reorganization are non-recurring expenses related to the transactions 2019 in the Reorganization described in detail in "*History and Development of the Company.*"

The table below presents reconciliations of adjusted net income to net (loss) income, net (loss) income margin and adjusted net loss or income margin, for the periods indicated.

	For the Year Ended December 31,				For the Nine Months Ended September 30,		
	2019	2020	2021		2021	2022	
	RMB	RMB	RMB	US$	RMB	RMB	US$
	(in thousands, except for percentages)						
Net (loss) income	(169,701)	(283,345)	316,420	49,653	201,755	535,168	75,232
Add: Depreciation and amortization of property and equipment and intangible assets resulting from business combination(1)	38,311	49,424	48,945	7,681	36,755	36,644	5,151
Add: Share-based compensation	63,746	349,846	120,724	18,944	102,436	148,563	20,885
Add: Expenses related to the Reorganization	36,312	—	—	—	—	—	—
Add: Management consulting services fee	15,228	72,757	—	—	—	—	—
Add: Tax effects on non-GAAP adjustments(2)	(9,384)	(13,832)	(8,840)	(1,387)	(6,640)	(6,613)	(930)
Adjusted Net (Loss) Income	(25,488)	174,850	477,249	74,891	334,306	713,762	100,338
Net (loss) income margin	(19.9)%	(15.5)%	11.1%	11.1%	9.7%	16.9%	16.9%
Adjusted Net (Loss) Income margin	(3.0)%	9.5%	16.7%	16.7%	16.1%	22.6%	22.6%

Notes:

(1) Consists of expenses resulting from the depreciation and amortization of the fair value adjustment on property and equipment and intangible assets resulting from business combination. While we exclude such expenses in this non-GAAP measure, the revenue from the acquired companies is reflected in this non-GAAP measure and the acquired assets contribute to revenue generation.

(2) Tax effects on non-GAAP adjustments primarily comprised of tax effects relating to depreciation and amortization of property and equipment and intangible assets resulting from business combination, expenses related to the Reorganization (non-recurring expenses for the year ended December 31, 2019), and management consulting services fee.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows and Working Capital

Our principal sources of liquidity have been from cash generated from operating activities and proceeds from our financing activities. As of December 31, 2019, 2020, 2021 and September 30, 2022, we had RMB1,038.9 million, RMB6,705.6 million, RMB4,390.3 million (US$688.9 million) and RMB4,204.4 million (US$591.0 million) in cash and cash equivalents, respectively. Our cash, cash equivalents and restricted cash as of September 30, 2022 consisted of RMB3,263.0 million (US$458.7 million) denominated in Renminbi, US$221.6 million denominated in U.S. dollars, MYR71.6 million (US$15.4 million) denominated in Malaysian Ringgit, INR290.8 million (US$3.6 million) denominated in Indian Rupee, THB38.2 million (US$1.0 million) denominated in Thailand Baht and SGD0.9 million (US$0.6 million) denominated in Singapore dollars. Cash and cash equivalents consist of cash on hand and time deposits or other highly liquid investments placed with banks which are unrestricted as to withdrawal or use and have original maturities of less than three months. Restricted cash primarily represent cash and cash equivalents pledged as security for the Group's bank loans. Our cash, cash equivalents and restricted cash are primarily denominated in Renminbi and the U.S. dollar.

As of September 30, 2022, 65.9% of our cash, cash equivalents and restricted cash were held by our consolidated entities within China, including 11.5% of our cash, cash equivalents and restricted cash held by the VIEs and their subsidiaries. The remaining 34.1% of our cash, cash equivalents and restricted cash were held by our entities outside China.

Based on our current level of operations and available cash, we believe our available cash, cash flows from operations, committed funding from bank and credit facilities will provide sufficient liquidity to fund our current obligations, projected working capital requirements and our operating requirements at least for the next 12 months. We may, however, require additional cash resources due to changing business conditions or other future developments, including any investments or acquisitions we may decide to selectively pursue. If our existing cash resources are insufficient to meet our requirements, we may seek to sell equity or equity-linked securities, sell debt securities or borrow from banks. We cannot assure you that financing will be available in the amounts we need or on terms acceptable to us, if at all. The sale of additional equity securities would result in additional dilution to our shareholders. The incurrence of indebtedness and issuance of debt securities would result in debt service obligations and could result in operating and financial covenants that restrict our operations and our ability to pay dividends to our shareholders.

We do not have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

As a holding company with no material operations of our own, we are a corporation separate and apart from our subsidiaries and the consolidated VIEs and their subsidiaries and, therefore, must provide for our own liquidity. We conduct a substantial majority of our operations in China through our PRC subsidiaries and the consolidated VIEs. We are permitted under PRC laws and regulations to provide funding to our PRC subsidiaries through loans or capital contributions, subject to applicable regulatory approvals. We cannot assure you that we will be able to obtain these regulatory approvals on a timely basis, if at all. See *"Risk Factors — Risks Relating to Our Corporate Structure — PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of conversion of foreign currencies into Renminbi may delay or prevent us from using the proceeds of issuance of the Notes to make loans to the WFOEs and VIEs or to make additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business."* In addition, our subsidiaries in China may provide Renminbi funding to the VIEs only through entrusted loans. See *"Regulations — PRC Regulations — Regulations on Foreign Exchange and Offshore Investment," "Risk Factors — Risks Relating to Our Corporate Structure — PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of conversion of foreign currencies into Renminbi may delay or prevent us from using the proceeds of issuance of the Notes to make loans to the WFOEs and VIEs or to make additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business."* The ability of our subsidiaries in China to make dividends or other cash payments to us is subject to various restrictions under PRC laws and regulations. See *"Risk Factors — Risks Relating to Doing Business in China — We may rely principally on dividends and other distributions on equity paid by the WFOEs to fund any cash and financing requirements we may have, and any limitation on the ability of the WFOEs to pay dividends to us could have a material adverse effect on our ability to conduct our business.*"

Our Group has entered into loan agreements with various financial institutions for data center project development and working capital purpose with terms ranging from one to seven years. As of September 30, 2022, we had total financing credit facilities of RMB5,704.4 million, US$570.0 million and MYR248.0 million from various financial institutions, of which the unused amount was RMB1,015.0 million, US$nil and MYRnil, respectively. The weighted average interest rate on bank loans as of December 31, 2019, 2020 and 2021 and September 30, 2022 were 8.36%, 7.87%, 7.12% and 6.21%, respectively. Our management assessed that there was no breach of loan covenants for all of our bank borrowings as of December 31, 2019, 2020 and 2021 and September 30, 2022, respectively.

The following table presents our selected consolidated cash flow data for the periods indicated.

	For the Year Ended December 31,				For the Nine Months Ended September 30,		
	2019	2020	2021		2021	2022	
					(Unaudited)	(Unaudited)	
	RMB	*RMB*	*RMB*	*US$*	*RMB*	*RMB*	*US$*
				(in thousands)			
Summary Consolidated Cash Flow Data:							
Net cash generated from operating activities	40,167	664,910	1,065,505	167,202	767,997	469,894	66,057
Net cash used in investing activities	(3,520,639)	(2,769,269)	(3,952,971)	(620,307)	(2,852,491)	(3,471,404)	(488,002)
Net cash generated from financing activities	4,456,328	8,188,802	1,293,061	202,909	1,288,251	2,585,875	363,517
Exchange rate effect on cash, cash equivalents and restricted cash	(719)	(292,820)	(76,056)	(11,936)	(46,148)	162,567	22,853
Net increase in cash, cash equivalents, and restricted cash	975,137	5,791,623	(1,670,461)	(262,132)	(842,391)	(253,068)	(35,575)
Cash, cash equivalents and restricted cash at beginning of period	144,703	1,119,840	6,911,463	1,084,559	6,911,463	5,241,002	736,768
Cash, cash equivalents and restricted cash at end of period	1,119,840	6,911,463	5,241,002	822,427	6,069,072	4,987,934	701,193

Operating Activities

Net cash generated from operating activities was RMB469.9 million (US$66.1 million) for the nine months ended September 30, 2022, primarily due to a net income of RMB535.2 million (US$75.2 million) which resulted from an improved results of operations, adjusted for (i) depreciation and amortization of RMB583.2 million (US$82.0 million), primarily relating to our data center property and equipment; (ii) share-based compensation expenses of RMB148.6 million (US$20.9 million) mainly related to the share awards granted, and (iii) changes in working capital. Adjustments for changes in working capital primarily consisted of (i) an increase in accounts receivable of RMB1,040.5 million (US$146.3 million) due to an increase of sales, and (ii) a decrease in accrued expenses and other current liabilities of RMB176.6 million (US$24.8 million) mainly due to payment of interests, which were partially offset by (i) a decrease in value added tax recoverable of RMB85.9 million (US$12.1 million) due to a decrease of value added tax related assets, and (ii) a decrease in prepayments and other current assets of RMB123.6 million (US$17.4 million) mainly due to a decrease in inventory.

Net cash generated from operating activities was RMB1,065.5 million (US$167.2 million) in 2021, primarily due to a net income of RMB316.4 million (US$49.7 million) resulted from improved results of operations, adjusted for (i) depreciation and amortization of RMB587.1 million (US$92.1 million), primarily relating to our data center property and equipment and acquired customer relationships; (ii) share-based compensation expenses of RMB120.7 million (US$18.9 million) mainly related to the share awards granted, and (iii) changes in working capital. Adjustments for changes in working capital primarily consisted of increases in other non-current liabilities and accrued expenses and other current liabilities of RMB168.4 million (US$26.4 million) and RMB105.1 million (US$16.5 million), respectively, mainly due to interest payables upon the maturity of a bank loan and payables resulted from unrecognized tax benefit, partially offset by (i) an increase in accounts receivable of RMB209.6 million (US$32.9 million) due to an increase of sales, and (ii) a net increase in prepayments and other current assets and value added taxes recoverable of RMB70.6 million (US$11.0 million) mainly due to an increase of value added taxes related assets.

Net cash generated from operating activities was RMB664.9 million in 2020, primarily due to a net loss of RMB283.3 million, adjusted for (i) depreciation and amortization of RMB410.7 million, primarily relating to our data center property and equipment and acquired customer relationships; (ii) share-based compensation expenses of RMB349.8 million mainly related to the share awards granted during the period, and (iii) changes in working capital. Adjustments for changes in working capital primarily consisted of (i) an increase in other non-current liabilities of RMB141.8 million mainly due to interest payables upon the maturity of a bank loan, (ii) a decrease in net amounts due from/to related parties of RMB27.2 million due to the fact that Wangsu ceased to be a related party after the completion of IPO, and (iii) an increase in accrued expenses and other current liabilities of RMB69.1 million mainly due to increased accrued professional fees and other operating expenses, partially offset by (i) an increase in accounts receivable of RMB121.9 million due to an increase of sales, and (ii) an increase in prepayments and other current assets of RMB38.9 million mainly due to prepaid expenses and deposits paid to support the business growth.

Net cash generated from operating activities was RMB40.2 million for the year ended December 31, 2019, primarily due to a net loss of RMB169.7 million, adjusted for (i) depreciation and amortization of RMB241.2 million, primarily relating to our data center property and equipment and acquired customer relationships; (ii) share-based compensation expenses of RMB63.7 million mainly related to the share options granted in 2019, (iii) changes in fair value of financial instruments of RMB11.2 million, and (iv) changes in working capital. Adjustments for changes in working capital primarily consisted of (i) an increase in accounts receivable of RMB160.6 million due to increased sales from the growth of our business, and (ii) a decrease in amounts due to related parties of RMB32.6 million, partially offset by (i) an increase in accounts payable of RMB46.3 million due to an increase in purchases, and (ii) an increase in accrued expenses and other current liabilities of RMB30.0 million mainly due to an increase in professional service fees.

Investing Activities

Net cash used in investing activities was RMB3,471.4 million (US$488.0 million) for the nine months ended September 30, 2022, primarily due to payments for purchases of property and equipment of RMB3,225.6 million (US$453.4 million) for our data center development.

Net cash used in investing activities was RMB3,953.0 million (US$620.3 million) for the year ended December 31, 2021 primarily due to payments for purchases of property and equipment and other long-lived assets of RMB3,453.0 million (US$541.8 million) for our data center development.

Net cash used in investing activities was RMB2,769.3 million for the year ended December 31, 2020, primarily due to payments for purchases of property and equipment and intangible assets of RMB2,424.6 million for our data center development.

Net cash used in investing activities was RMB3,520.6 million for the year ended December 31, 2019, primarily due to cash paid for the combination (net of cash acquired) of RMB1,879.0 million, and payments for purchases of property and equipment of RMB1,611.3 million for our data center development.

Financing Activities

Net cash generated from financing activities was RMB2,585.9 million (US$363.5 million) for the nine months ended September 30, 2022, primarily due to proceeds from long-term bank loans of RMB5,815.4 million (US$817.5 million), partially offset by the repayment of long-term bank loans of RMB3,048.6 million (US$428.6 million).

Net cash generated from financing activities was RMB1,293.1 million (US$202.9 million) for the year ended December 31, 2021, due to proceeds from long-term bank loans of RMB1,749.8 million (US$274.6 million), and proceeds from short-term bank loans of RMB266.2 million (US$41.8 million); partially offset by repayment of long-term bank loans of RMB613.3 million (US$96.2 million).

Net cash generated from financing activities was RMB8,188.8 million for the year ended December 31, 2020, due to net proceeds from our IPO and concurrent private placement of RMB4,871.8 million, proceeds from issuance of ordinary shares of RMB1,810.2 million, and proceeds from long-term bank loans of RMB1,743.3 million; partially offset by repayment of long-term bank loans of RMB224.9 million.

Net cash generated from financing activities was RMB4,456.3 million for the year ended December 31, 2019, primarily due to (i) proceeds from long-term bank loans of RMB2,408.5 million, (ii) capital contribution from shareholders of RMB2,274.1 million, and (iii) contribution from non-controlling interests of a subsidiary of RMB300.0 million, partially offset by repayment of long-term bank loans of RMB461.3 million.

Material Cash Requirements

Our material cash requirements as of September 30, 2022 and any subsequent interim period primarily include our capital expenditures, capital expenditure commitments, repayment of long-term bank loans, operating lease commitments and finance lease commitments. Our material cash requirements, including capital expenditures, have been primarily funded by net cash provided by financing activities and net cash generated from operating activities. We will continue to make material cash requirements, including capital expenditures, to meet the expected growth of our business and expect that cash generated from our operating activities and financing activities will meet our material cash requirements needs in the foreseeable future.

Capital Expenditures

We had capital expenditures of RMB1,641.8 million, RMB2,712.3 million, RMB3,616.9 million (US$567.6 million), RMB2,603.0 million and RMB3,329.3 million (US$468.0 million) for the years ended December 31, 2019, 2020, 2021 and for the nine months ended September 30, 2021 and 2022, respectively. Our capital expenditures were primarily for the purchase of property and equipment as well as land use rights.

Contractual Obligations

We have capital expenditure commitments of RMB2,273.5 million (US$319.6 million) for the purchases of certain data center equipment and construction in progress as of September 30, 2022, which are scheduled to be paid within one to two years.

As of September 30, 2022, the weighted average interest rate on bank loans was 6.21%. Our leases consist of the leasing of building and office space, land, fiber optics and certain equipment. Other than as discussed above, we did not have any significant capital and other commitments, long-term obligations or guarantees as of September 30, 2022.

Off-Balance Sheet Commitments and Arrangements

Other than the obligations set forth in the table above, we have not entered into any material financial guarantees or other commitments to guarantee the payment obligations of any third parties. In addition, we have not entered into any derivative contracts that are indexed to our shares and classified as shareholder’s equity, or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

Holding Company Structure

We are a holding company with no material operations of its own. We conduct our China business primarily through our subsidiaries and the consolidated VIEs. As a result, our ability to pay dividends depends upon dividends paid by our PRC subsidiaries. We expect that the amounts of such service fees will increase in the foreseeable future as our China business continues to grow. If our subsidiaries or any newly formed subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us.

In addition, our subsidiaries in China are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with the Accounting Standards for Business Enterprise as promulgated by the Ministry of Finance of the PRC, or PRC GAAP. In accordance with PRC company laws, our subsidiaries and the consolidated VIEs in China must make appropriations from their after-tax profit to non-distributable reserve funds including (i) statutory surplus fund and (ii) discretionary surplus fund. The appropriation to the statutory surplus fund must be at least 10% of the after-tax profits calculated in accordance with PRC GAAP. Appropriation is not required if the statutory surplus fund has reached 50% of the registered capital of our PRC subsidiaries and the consolidated VIEs. Appropriation to discretionary surplus fund is made at the discretion of our PRC subsidiaries and the consolidated VIEs.

As an offshore holding company, we are permitted under PRC laws and regulations to provide funding to our PRC subsidiaries through loans or capital contributions, subject to applicable regulatory approvals. We cannot assure you that we will be able to obtain these regulatory approvals on a timely basis, if at all. See *“Risk Factors*

— Risks Relating to Our Corporate Structure — PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of conversion of foreign currencies into Renminbi may delay or prevent us from using the proceeds of issuance of the Notes to make loans to the WFOEs and VIEs or to make additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business. As a result, there is uncertainty with respect to our ability to provide prompt financial support to our PRC subsidiaries and the consolidated VIEs when needed. Notwithstanding the foregoing, our PRC subsidiaries may use their own retained earnings (rather than Renminbi converted from foreign currency denominated capital) to provide financial support to the consolidated VIEs either through entrustment loans from our PRC subsidiaries or direct loans to such consolidated VIEs' nominee shareholders, which would be contributed to the consolidated variable entity as capital injections.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

We prepare our financial statements in conformity with U.S. GAAP, which requires us to make estimates and assumptions that affect our reporting of, among other things, assets and liabilities, contingent assets and liabilities and total revenues and expenses. On an on-going basis, we evaluate our estimates based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Since our financial reporting process inherently relies on the use of estimates and assumptions, our actual results could differ from what we expect.

We consider an accounting estimate to be critical if: (i) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and (ii) changes in the estimate that are reasonably likely to occur from period to period or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations. Such critical estimates are discussed below.

Our significant accounting policies are set forth in Note 2 to our consolidated financial statements included in elsewhere in this offering memorandum.

Realization of Deferred Tax Assets

We follow the liability method of accounting for income taxes in accordance with ASC 740, Income Taxes **("ASC 740")**. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax bases of assets and liabilities using enacted tax rates that will be in effect in the period in which the differences are expected to reverse.

The realization of deferred tax assets requires judgment in assessing the likely future tax consequences of events that have been recognized in our financial statements or tax returns. Our accounting for deferred tax consequences represents our best estimate of those future tax consequences. We record a valuation allowance to offset deferred tax assets if based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized. The assessment of realizability of deferred tax assets involves significant assumptions used in the projection of future taxable income and the future reversal pattern of taxable temporary differences. Certain of these significant assumptions are forward looking and may be affected by future market conditions and the performance of the Company.

As of September 30, 2022, we recorded deferred tax assets of RMB260.3 million (US$36.6 million), net of valuation allowance of RMB75.6 million (US$10.6 million). As of December 31, 2021, we recorded deferred tax assets of RMB262.0 million (US$41.1 million), net of valuation allowance of RMB72.6 million (US$11.4 million). As of December 31, 2020, we recorded deferred tax assets of RMB180.0 million, net of valuation allowance of RMB71.2 million. As of December 31, 2019, we recorded deferred tax assets of RMB143.7 million, net of valuation allowance of RMB74.0 million. There was no significant change in valuation allowance because the future profitability of the subsidiaries is stable. If and when we increase or reduce the forecasted financial information, it may have an unfavorable or favorable impact, respectively, to our financial position and results of operations in the periods when such determinations are made. In addition, actual operating results in future years could differ from our current assumptions, judgments and estimates. Changes in these assumptions could materially affect the tax position measurement and financial statement recognition.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934 (the **"Exchange Act"**) for our Company. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements in accordance with generally accepted accounting principles and includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of a company's assets, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that a company's receipts and expenditures are being made only in accordance with authorizations of a company's management and directors, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of a company's assets that could have a material effect on the consolidated financial statements.

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness of our internal control over financial reporting to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As required by Section 404 of the Sarbanes-Oxley Act and related rules as promulgated by the SEC, our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2021 using criteria established in "Internal Control—Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2021.

In connection with the audits of our consolidated financial statements as of and for the years ended December 31, 2019 and 2020, we and our independent registered public accounting firm identified a material weakness in our internal control over financial reporting. As defined in the standards established by the Public Company Accounting Oversight Board of the United States, a "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

The material weakness identified was our lack of sufficient accounting and financial reporting personnel with requisite knowledge and experience in application of U.S. GAAP and SEC rules.

We have implemented a number of measures to address this material weakness identified, including: (i) hired additional qualified financial and accounting staff with U.S. GAAP and SEC reporting experience to strengthen our financial reporting capability, (ii) expanded the capabilities of existing accounting and financial reporting personnel through continuous training and education in the accounting and reporting requirements under U.S. GAAP, and SEC rules and regulations, (iv) implemented an accounting policy manual for our accounting and financial reporting personnel for recurring transactions and period-end closing processes, (iv) improved our monitoring and oversight controls for non-recurring and complex transactions to ensure the accuracy and completeness of our consolidated financial statements and related disclosures, (v) strengthened our internal audit function by hiring additional personnel with industry internal audit experience and experience in compliance with the requirements of Section 404 of the Sarbanes-Oxley Act and (vi) engaged an independent advisory firm to assist us in assessing the design and effectiveness of our execution of internal controls in accordance with the compliance requirements under the Sarbanes-Oxley and in improving our overall internal controls. Our management and independent registered public accounting firm have concluded that our internal control over financial reporting was effective as of December 31, 2021.

Other than as described above, there were no changes in our internal controls over financial reporting that occurred for the year ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Concentration of Credit Risk

Assets that potentially subject us to significant concentration of credit risk primarily consist of cash and cash equivalents, restricted cash, accounts receivable, contingent receivable and amounts due from related parties. We expect that there is no significant credit risk associated with cash and cash equivalents and restricted cash, which were held by reputable financial institutions in the jurisdictions where we are located. We believe that it is not exposed to unusual risks as these financial institutions have high credit quality. The risk with respect to the contingent receivable is mitigated by the ongoing assessment of the counterparty's credit quality by reference to the counterparty's default history. Accounts receivable and amounts due from related parties are typically unsecured and are derived from revenues earned from customers. The risk is mitigated by credit evaluations the Group performs on its customers and its ongoing monitoring process of outstanding balances. As of December 31, 2019, 2020, 2021 and September 30, 2022, we had one, one, one and one client each with a receivable balance exceeding 10% of the total accounts receivable balance. The risk with respect to accounts receivable is mitigated by credit evaluations we perform on our clients and our ongoing monitoring process of outstanding balances.

Business, Customer, Political, Social and Economic Risks

We participate in a dynamic and competitive high technology industry and believe that changes in any of the following areas could have a material adverse effect on our future financial position, results of operations or cash flows: changes in the overall demand for services; competitive pressures due to existing competitors; and new trends in new technologies and industry standards; control of telecommunication infrastructures by local regulators and industry standards; changes in certain strategic relationships or client relationships; regulatory considerations; and risks associated with our ability to attract and retain employees necessary to support its growth. Our operations could be adversely affected by significant political, economic and social uncertainties in the PRC.

In 2019, our top two clients accounted for 68.2% and 11.1% of our total revenues, respectively. In 2020, our top client accounted for 81.7% of our total revenues. In 2021, our top client accounted for 83.2% of our total revenues. For the nine months ended September 30, 2022, our top client accounted for 86.6% of our total revenues.

Interest Rate Risk

We are exposed to interest rate risk on our interest-bearing liabilities. As of September 30, 2022, a hypothetical 1% increase or decrease in annual interest rates of RMB-denominated borrowings, US-denominated borrowings and MYR-denominated borrowings, in aggregate, would increase or decrease total interest expense by approximately RMB47.6 million (US$6.7 million).

Currency Convertibility Risk

We transact a majority of our business in Renminbi, which is not freely convertible into foreign currencies. On January 1, 1994, the PRC government abolished the dual rate system and introduced a single rate of exchange as quoted daily by the PBOC. However, the unification of the exchange rates does not imply that Renminbi may be readily convertible into the U.S. dollar or other foreign currencies. All foreign exchange transactions continue to take place either through the PBOC or other banks authorized to buy and sell foreign currencies at the exchange rates quoted by the PBOC. Approval of foreign currency payments by the PBOC or other institutions requires submitting a payment application form together with suppliers' invoices, shipping documents and signed contracts. Additionally, the value of Renminbi is subject to changes in central government policies and international economic and political developments affecting supply and demand in the PRC foreign exchange trading system market.

Foreign Currency Exchange Rate Risk

From July 21, 2005, Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. For Renminbi against the U.S. dollar, there was depreciation of approximately 1.3% and appreciation of approximately 6.3% and 2.3% for the years ended December 31, 2019, 2020 and 2021, respectively. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between Renminbi and the U.S. dollar in the future. To the extent that we need to convert the U.S. dollar into Renminbi for capital expenditures and working capital and other business purposes, appreciation of Renminbi against U.S. dollar would have an adverse effect on the Renminbi amount we would receive from the conversion. Conversely, if we decide to convert Renminbi into the U.S. dollar for the purpose of making payments for dividends on ordinary shares, strategic acquisitions or investments or other business purposes, appreciation of the U.S. dollar against Renminbi would have a negative effect on the U.S. dollar amount available to us. In addition, a significant depreciation of Renminbi against the U.S. dollar may significantly reduce the U.S. dollar equivalent of our earnings or losses.

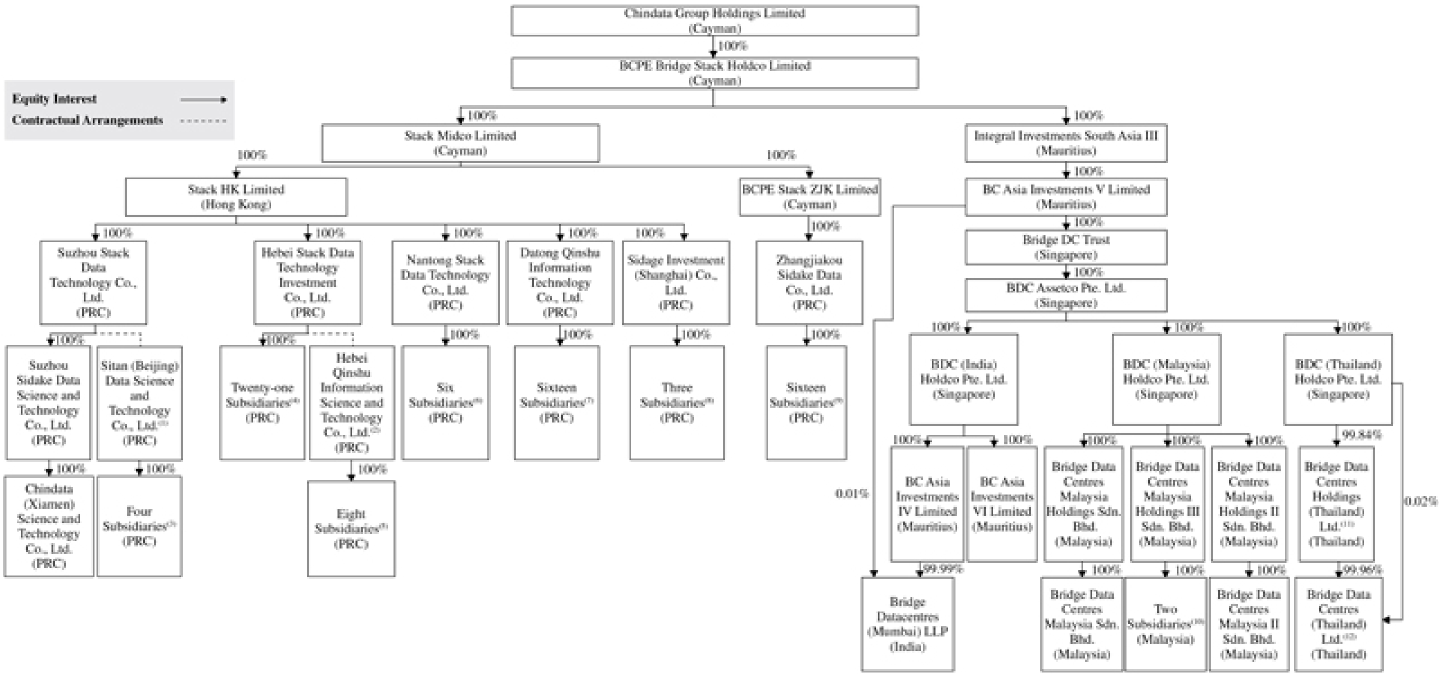
Recent Accounting Pronouncements

For detailed discussion on recent accounting pronouncements, see Note 2 to our Consolidated Financial Statements for the year ended December 31, 2021 included elsewhere in this offering memorandum.

Exhibit 99.3

CORPORATE STRUCTURE

The following diagram illustrates our corporate structure as of the date of this offering memorandum, including our significant subsidiaries, the significant VIEs and the VIE's principal subsidiaries:



Notes:

(1) Shareholders of Sitan (Beijing) are Mr. Chen Qian and Mr. Fei Xu, our nominee shareholders. Mr. Chen Qian and Mr. Fei Xu are employees of affiliates of one of our principal shareholders, Bain Capital Entities.

(2) Shareholders of Hebei Qinshu are Mr. Chen Qian and Mr. Fei Xu, our nominee shareholders.

(3) The four subsidiaries are Chindata (Shenzhen) Co., Ltd., Chindata (Beijing) Co., Ltd., Sidake Hebei Data Science and Technology Co., Ltd. and Datong Sitan Data Science and Technology Co., Ltd., all of which are wholly-owned by Sitan (Beijing) Data Science and Technology Co., Ltd. to hold VATS licenses.

(4) The twenty-one subsidiaries are Huailai Qinhuai Data Technology Co., Ltd., Huailai Qinhuai Data Science and Technology Co., Ltd., Huailai Qinxin New Energy Co., Ltd., Huailai Sidahui Data Co., Ltd., Huailai Sidayuan Data Co., Ltd., Huailai Sidage Data Co., Ltd., Huailai Sidake Data Co., Ltd., Huailai Sidarui Data Co., Ltd., Huailai Sidasheng Data Co., Ltd., Huailai Sidaming Data Co., Ltd., Huailai Sidayu Data Co., Ltd., Huailai Sidazhi Data Science and Technology Co., Ltd., Huailai Sidadong Data Co., Ltd., Huailai Sidazheng Data Co., Ltd., Huailai Sidahua Data Co., Ltd., Huailai Sidaduo Data Co., Ltd., Huailai Sidaxin Data Co., Ltd., Huailai Sidahao Data Co., Ltd., Huailai Sidajun Data Co., Ltd., Huailai Sidaqi Data Co., Ltd. and Huailai Sidashi Data Co., Ltd., all of which are wholly-owned by Hebei Stack Data Technology Investment Co., Ltd.

(5) The eight subsidiaries are Datong Qinling Information Science and Technology Co., Ltd., Huailai Qinyuan Information Science and Technology Co., Ltd., Huailai Qinrui Information Science and Technology Co., Ltd., Huailai Qinsang Information Science and Technology Co., Ltd., Huailai Sida Data Science and Technology Co., Ltd., Jiangsu Qintong Data Science and Technology Co., Ltd., Shanghai Qingang Data Science and Technology Co., Ltd. and Zhangjiakou Qinming Information Science and Technology Co., Ltd., all of which are wholly-owned by Hebei Qinshu Information Science and Technology Co., Ltd. to hold or obtain VATS licenses.

(6) The six subsidiaries are Jiangsu Sidage Data Science and Technology Co., Ltd., Nantong Sidake Data Co., Ltd., Chindata (Jiangsu) Science and Technology Co., Ltd., Nantong Sidajie Information Technology Co., Ltd., Nantong Sidakun Data Co., Ltd. and Nantong Sidayun Information Technology Co., Ltd., all of which are wholly-owned by Nantong Stack Data Technology Co., Ltd.

(7) The sixteen subsidiaries are Datong Sidake Data Co., Ltd., Shanxi Xintong Operation and Maintenance Services Co., Ltd., Datong Qinxin New Energy Co., Ltd., Chindustry Property Management Service Shanxi Co., Ltd., Chindata (Qingyang) Science and Technology Co., Ltd., Datong Sidage Data Co., Ltd., Datong Sidayun Data Co., Ltd., Datong Sidahao Data Co., Ltd., Datong Sidachen Data Co., Ltd., Datong Sidawen Data Co., Ltd., Datong Sidayu Data Co., Ltd., Datong Qinhuai Data Co., Ltd., Datong Sidatai Data Co., Ltd., Datong Sidaying Data Co., Ltd., Datong Sidayi Data Co., Ltd. and Datong Sidajing Data Co., Ltd., all of which are wholly-owned by Datong Qinshu Information Technology Co., Ltd.

(8) The three subsidiaries are Sidake Data Science and Technology (Shanghai) Co., Ltd., Hainan Qinhai Management Consulting Co., Ltd. and Chindata (Shanghai) Data Science and Technology Co., Ltd., all of which are wholly-owned by Sidage Investment (Shanghai) Co., Ltd.

(9) The sixteen subsidiaries are Zhangjiakou Sinan Data Co., Ltd., Zhangjiakou Siyue Data Co., Ltd., Chindata (Hebei) Co., Ltd., Hebei Xintai Property Management Co., Ltd., Hebei Xintong Operation and Maintenance Service Co., Ltd., Zhangjiakou Siheng Data Co., Ltd., Zhangjiakou Sidong Data Co., Ltd., Zhangjiakou Sixu Data Co., Ltd., Langfang Sizhe Data Co., Ltd., Huailai Huizhi Construction Co., Ltd., Beijing Qinchuang Engineering Project Management Co., Ltd., Xinkai Cloud Computing (Tianjin) Co., Ltd., Tianjin Xinxun Data Co., Ltd. and Zhangjiakou Siyun Data Co., Ltd., Zhangjiakou Sichang Data Co., Ltd., and Zhangjiakou Sibo Data Co., Ltd., all of which are wholly-owned by Zhangjiakou Sidake Data Co., Ltd.

(10) The two subsidiaries are Bridge Data Centres Malaysia III Sdn. Bhd. and Bridge Data Centres Malaysia IV Sdn. Bhd., both of which are wholly-owned by Bridge Data Centres Malaysia Holdings III Sdn. Bhd.

(11) The remaining 0.16% equity interest of Bridge Data Centres Holdings (Thailand) Ltd. is held by Bridge Data Centres (International) Pte Ltd. and BDC Singapore Holdco Pte. Ltd., both of which are wholly-owned subsidiaries of BC Asia Investments V Limited, as to 0.08% and 0.08%, respectively.

(12) The remaining 0.02% equity interest of Bridge Data Centres (Thailand) Ltd. is held by BDC Singpore Holdco Pte. Ltd., which is a wholly-owned subsidiary of BC Asia Investments V Limited.

Exhibit 99.4

BUSINESS

OVERVIEW

We are the leading carrier-neutral hyperscale data center solution provider in Asia-Pacific emerging markets, focusing on the China, India and Southeast Asia markets. Our data centers are highly integrated, specialized and mission-critical infrastructure used by our clients to analyze, manage and store their most important data, business systems and processes. We are a first mover in building next-generation hyperscale data centers in the markets we serve. Our client base includes leading technology companies such as ByteDance. Our clients benefit from our integrated platform to support and grow their business internationally. We operated 18 hyperscale data centers and two wholesale data centers in China, one hyperscale data center in Malaysia, and one hyperscale data center in India, and were constructing five data centers in China and four data centers in Malaysia as of September 30, 2022. We initiated our expansion plan in landing into the Thailand market in the third quarter of 2021 and we have finalized a business acquisition in Bangkok. Upon completion of technical upgrade, the Thailand project will be hosting 5MW IT capacity and capable of supporting our key clients' business development in Southeast Asia.

Our modern world is powered by data. Data serves as the foundation for modern-day technologies and services, including artificial intelligence, cloud computing, smart cities and homes, online entertainment and other on-demand services. Mass application and continuous development of these new technologies require a new generation of hyperscale data center — one that can provide fast delivery of scalable, cost-effective and flexible infrastructure.

Our next-generation hyperscale data centers are large, centralized, standardized and modular, capable of supporting a variety of IT infrastructure for leading technology companies. They also represent a new approach to designing and operating data centers to handle complex and high-volume data processing and analytics. Compared to traditional data centers, our next-generation hyperscale data centers provide many advantages and offer unique value propositions to clients. They are generally located on the outskirts of major cities with supply and cost advantages in land, power and other core elements to provide scalability and cost efficiency, as well as proximity advantages for low latency. As a result, our hyperscale data center solutions can achieve fast delivery, lower costs, better performance and deliver higher returns on invested capital. Our successful track record demonstrates that our hyperscale data center solutions effectively fulfill the elastic and scaling demand of our clients, many of whom are in stages of rapid growth. As of September 30, 2022, hyperscale data centers accounted for 97% of our 579 MW capacity in service, and hyperscale projects that put into services after 2020 are fully ramped to 95% utilization rate (based on contracted capacity) within around three quarters.

Our clients choose us as a long-term partner because we provide them with excellent and cost-effective data center solutions that meet or exceed world-class standards. Our data centers in service and under construction are strategically located in and around tier 1 cities in China, such as Beijing, Shanghai and Shenzhen, Mumbai, Kuala Lumpur and Bangkok. Specifically, our early site selection principle has given us first-mover advantages under the latest PRC national policies. Our site selection was carried out under the principle of "proximity to energy supply," and in turn, the majority of our data centers in China are located right in or around the Beijing-Tianjin-Hebei computing hub, which has been designated as one of the national computing hub under the "East Data West Computing" policy. In Asia-Pacific ("APAC") emerging markets, we have built a strong local execution team who are experienced in data center site selection and operation in various geographic areas. We also believe that our full-stack service capabilities in China can benefit us in our expansion in South-East Asia markets. Our solutions help our clients grow their businesses quickly and sustainably. In particular, our clients have appreciated our energy integration capabilities and strong Environmental, Social and Governance ("ESG") initiatives which will benefit our clients and us in the long run. Our hyperscale data center clients typically sign with us contracts of five to ten years, offering us high business visibility and certainty.

We offer end-to-end project management and operations by leveraging our in-house planning, design, construction, and maintenance capabilities. Together with our strong research and development and design expertise and highly efficient supply chain management capabilities, we promptly respond to client needs to construct and operate high-quality and cost-efficient next-generation hyperscale data centers. We rely on our 400 approved and pending patents, as of September 30, 2022, to rapidly design and construct modules meeting a variety of demand from clients in different industries. Our proprietary modular design solutions and the application of original design manufacturing, or ODM, through which we engage vendors to manufacture our licensed modules, provide us with a significant cost advantage.

We have experienced rapid growth in recent years. We operated six, ten, 13 and 18 hyperscale data centers in China as of December 31, 2019, 2020, 2021 and September 30, 2022, respectively, and one hyperscale data center in Malaysia as of each such date. Our data center capacity in service reached 193 MW as of December 31, 2019, 291 MW as of December 31, 2020, 440 MW as of December 31, 2021 and 579 MW as of September 30, 2022, 87%, 87%, 87% and 96% of which was contractually committed capacity, respectively. We had an additional 242 MW capacity under construction as of September 30, 2022.

Our total revenues increased from RMB853.0 million for the year ended December 31, 2019 to RMB1,831.1 million for the year ended December 31, 2020, and further increased to RMB2,852.3 million (US$447.6 million) for the year ended December 31, 2021. Our total revenues for the nine months ended September 30, 2022 was RMB3,161.4 million (US$444.4 million), as compared to RMB 2,070.5 million for the same period in 2021. Our net loss increased from RMB169.7 million for the year ended December 31, 2019 to RMB283.3 million for the year ended December 31, 2020, as compared with a net income of RMB316.4 million (US$49.7 million) for the year ended December 31, 2021. Our net income for the nine months ended September 30, 2022 was RMB535.2 million (US$75.2 million), as compared to net income of RMB201.8 million for the same period in 2021. Our adjusted EBITDA was RMB852.2 million in 2020, compared to adjusted EBITDA of RMB297.5 million in 2019, and our adjusted EBITDA further increased to RMB1,418.9 million (US$222.7 million) in 2021. Our adjusted EBITDA was RMB1,653.3 million (US$232.4 million) for the nine months ended September 30, 2022, as compared to adjusted EBITDA of RMB1,014.7 million for the same period in 2021. We derive a significant portion of revenues from ByteDance. In 2019, 2020 and 2021 and for the nine months ended September 30, 2021 and 2022, revenues from ByteDance accounted for 68.2%, 81.7%, 83.2%, 82.8% and 86.6% of our total revenues, respectively.

OUR COMPETITIVE STRENGTHS

Leading Next-Generation Hyperscale Data Center Solution Provider Focused on China and Other Emerging Markets

We are a leader in providing cross-regional hyperscale data center solutions to leading technology companies with a presence in China and other APAC emerging markets including, among others, India and Malaysia with strong entry barriers.

We focus on planning, designing and building hyperscale data centers with capacities typically of 20 MW or more. We characterize our hyperscale data centers as “next-generation” centralized, standardized and modular data centers that can support all types of IT infrastructure by leveraging new technologies to achieve fast delivery and high operating efficiency. As of September 30, 2022, hyperscale data centers accounted for 97% of our 579 MW capacity in service, and hyperscale projects that put into services after 2020 are fully ramped to 95% utilization rate (based on contracted capacity) within around three quarters.

We had an additional 242 MW of capacity under construction as of September 30, 2022.

Long-Term Strategic Partnerships with Global Industry Leaders Brings High Business Visibility and Certainty

As a first mover among next-generation hyperscale data center solution providers, we have established long-term partnerships with some of the world’s most sophisticated leading technology companies across various industry verticals. Our clients benefit from our integrated platform to grow their business internationally.

We believe that our clients view us as an integrated partner rather than a third-party vendor. Our clients typically entrust us to provide them with integrated end-to-end hyperscale data center solutions, including server and network colocation, energy procurement, infrastructure services and IT/network services. We are therefore able to understand our clients’ technology development at an early stage and provide them with modularized next-generation hyperscale data center solutions to best address their unique and evolving needs and requirements. We differentiate ourselves by providing our clients with a synergetic “full-stack whole-lifecycle partnership,” and work with them closely throughout the data center planning, designing, construction and operation process.

Our solutions allow clients to scale up and develop their businesses quickly, cost-effectively and flexibly. As a result, our hyperscale data center clients typically sign contracts of five to ten years with us with irrevocable commitments on price and contract term, offering us high business visibility and certainty. As of September 30, 2022, 95.7% of our in-service capacity and 3.3% of our capacity under construction was contractually committed, respectively.

We are highly regarded by our clients and have received numerous awards and recognition from the industry, including the 2020 Global Carrier Award for Best Asian Project, 2020 China National Green Data Center, 2019 Datacloud Global Hyperscale Innovation Award, 2019 Uptime Institute Hybrid Resiliency Assessment and 2019 TGGC 5A Certificate for Green Data Center, 2021 MIIT National New Data Center Pilot Project and 2022 Top Ten Third-party Data Center Operators in China.

Integrated, Cost-Efficient, Full-Stack Hyperscale Data Center Solutions

There are inherent challenges in Asia-Pacific emerging markets to successfully developing high-performance, hyperscale data centers, such as the scarcity of appropriate and sufficiently large sites, access to abundant power supplies and high-quality network connectivity. We are highly experienced in identifying and securing optimal sites for mission-critical data centers, which in turn allow us to anticipate and meet the scaling demand of our clients.

We design our hyperscale data center solutions to be modular, integrated and standardized service products by functionality. This design allows our experienced implementation team to deliver integrated, full-stack high-performance cross-regional hyperscale data center solutions in short timeframes. In addition, as part of our efforts to achieve ESG goals and to help our clients go green, we aim to operate our data centers with 100% renewable energy. In recognition of our commitment to the environment, we were ranked No. 1 by Greenpeace in a research report on energy consumption by China's leading technology companies in 2021.

Finally, our economies of scale allow us to secure strategic sites located at the outskirts of major cities to enjoy sufficient supply and cost advantages in terms of land, power, and network connectivity, while still maintaining close proximity to our clients' headquarters and end users to reduce latency. As such, we provide clients with scalable and cost-efficient hyperscale data center solutions that can effectively fulfill the elastic and scaling demand of our clients.

We believe that our next-generation hyperscale data center solutions create unique value for our clients, with customization, flexibility and scalability that allow them to quickly and sustainably develop their business and related data center demand and focus on the success of their core businesses.

Predominant Ownership of the Data Center Properties

One of the key features and superiority of our hyperscale business model lies in our firm control of assets. As of September 30, 2022, 95% of our IT capacity in-service comes from self-owned data centers while only 5% comes from leased data centers, and 89% of the designed IT capacity of data centers under construction comes from self-owned data centers while only 11% from leased data centers. Our predominant ownership of the data center properties and firm control of the entire workstream from design, planning to construction enables us to build highly customized data centers for our clients, which further enables us to sign long-term contracts with clients, resulting in a strong and stable revenue stream. With firm control of assets, we are able to build data centers in the most cost-efficient way, without incurring ongoing lease expenses or bearing risks of rising leasing costs. We create value to the data center site not only through our site design and construction expertise, but also through our professional management skills. As a result, the market value of our data center assets is well above their book value, creating sufficient buffer and safety net for our creditors.

Visionary and Experienced Management Team Supported by Our Highly Reputable Shareholder

We are led by an international management team with strong regional expertise in emerging markets, consisting of industry veterans with proven and extensive track records in developing and executing data center solutions. Our chairman, Michael Foust, is the co-founder and chairman of Bridge Data Centres, with over 30 years of experience in the data center industry. He also founded Digital Realty Trust, where he led the company's initial public offering and served as chief executive officer and as a director from 2004 to 2014. Mr. Foust is widely regarded as one of the most experienced and respected data center operators and managers globally. Our CEO, Mr. Huapeng Wu, served as the vice president of Phoenix New Media Ltd. (NYSE: FENG) and CTO of Ifeng.com from 2007 to 2013. Prior to that, Mr. Wu served as the executive director of China Computer Users Association. In 2015, Mr. Wu established "1024 College," an important organization in the field of Internet technology in China which trained many famous CTOs. He also established iTechClub, which gathered more than 3,000 talents from 1,200 top Internet enterprises to build an Internet technology and social resource platform for in-depth communication and interaction. Finally, as our major shareholder, Bain Capital has supported us with strategic guidance, capital markets access and value-accretive partnership opportunities.

OUR STRATEGIES

Explore More Regional Opportunities for Hyperscale Data Centers to Further Develop China and Southeast Asia

We plan to expand to other major cities in China, secure prime locations that are strategically located in close proximity to leading technology companies and develop next-generation hyperscale data center campuses with sufficient power and infrastructure to reinforce our competitiveness and raise entry barriers. We also intend to leverage our integrated platform and success in our existing markets to bring our technology standards for hyperscale data centers to new markets with significant potential for further penetration. We will continue to expand our next-generation hyperscale data center campuses into new geographies in the emerging markets. As part of our expansion, we also intend to selectively pursue acquisition opportunities in new and existing markets.

Deepen Relationships with Existing Clients and Grow as a Trusted Partner to New Clients

We will continue to explore the new business needs of existing clients, help international clients expand into emerging markets in Asia-Pacific, and actively develop relationships with potential leading technology companies in emerging markets. To deepen existing partnerships, we will continuously identify and address the potential needs of existing clients, and improve and optimize our hyperscale data center solutions. We will also help existing clients enter new emerging markets by leveraging our pan-Asian platform.

In addition, we will develop new clients such as Asian and international cloud service providers and leading technology companies. We believe that Asia cloud service providers can collaborate with us for their business expansion in China and other Asia-Pacific emerging markets, while global cloud service providers may outsource data centers for their cloud computing business due to strong expansion in Asia. We also expect that leading technology companies in Asia will have a huge demand to outsource their data centers as their core businesses grow exponentially, while global technology companies seek reliable partners to help them penetrate Asia-Pacific emerging markets.

Continue Focusing on Product Innovation and Solidify Our Leadership in Technology

We will continue to innovate cost-effectively, including establishing the Chindata Research Institute to address industry technological challenges through innovation and collaboration with academic institutions, industry participants and governments. We will also explore collaboration opportunities with upstream manufacturers to become a more competitive data center solution provider. In addition, we will continue to participate in the development of power substations to support direct power supplies to our own data center campuses. We will also actively build diversified channels of clean energy supply with an aim to power our data centers with 100% environmental friendly renewable energy.

Furthermore, we intend to lead the development of hyper-density IT cluster infrastructure, which will further improve the efficiency and performance of hyperscale data centers with less power consumed and less floor space required for increasing capacity. We will also continue to enhance our unique modular, standardized and centralized capacity delivery process, and further improve our design architecture, proprietary network connections, efficient power systems and supply chain management.

Finally, we will cater to the needs of leading technology companies to process and analyze more complex data with higher volume from the growth of their business, and provide them with measurable benefits such as faster delivery, scalability and lower cost solutions.

Continue Improving Operational and Capital Efficiency

We plan to set industry operational standards to increase our efficiency and cost-competitiveness versus our competitors. We plan to optimize our long-term capital structure and secure competitive financing packages for project development, with an aim to maximize returns on equity for our shareholders. We also plan to improve and optimize our operational and capital efficiency in order to deliver sustainable growth in profitability and cash flow generation.

Become an Industry Leader for Environmental and Social Responsibility

We will continue to be one of the greenest data center providers in the world, by reinforcing our commitment to 100% renewable energy, maximizing energy efficiency, reducing our carbon footprint, and enhancing sustainability. We also intend to set industry standards for ESG reporting. For example, in 2020, we released the first ESG report as a leading Chinese carrier-neutral data center company, and continue to lead our industry in environmental and social responsibility.

GROWTH PLAN

We will continue to leverage on our competitive advantages to execute our growth plan in the following manner:

- *Deepening Presence in Asia-Pacific Emerging Markets:* On top of our existing 40 MW in-service capacity in Malaysia (MY0102) and India (BBY01), we have another 120 MW capacity under construction in Malaysia as of September 30, 2022.
- *Further Advancing Domestic Layout under "East Data West Computing" Policy:* The rationale behind our domestic layout since our establishment is in line with the idea of the national policy "East Data West Computing." We have sizable capacity in service across the key computing hubs in China. Our first presence in Zhangjiakou city can be traced back to 2017. Over the last five years, we have established our computing infrastructure in Zhangjiakou to accommodate the demand in the Beijing-Tianjin-Hebei region. Zhangjiakou city is now the designated cluster in the Beijing-Tianjin-Hebei computing hub, where we have a total capacity of 324 MW as of September 30, 2022. We have also made an early presence in Datong city, Shanxi Province, where we own a total capacity of 259 MW as of September 30, 2022. These capacity and other reserve which we own in these regions can be conveniently converted into more hyperscale data centers in the future to meet the growing demand from our customers.

  In addition, we initiated the site selection process for potential computing infrastructure development in western China in 2020. Since then, we have established a healthy relationship with the local government of Qingyang City, Gansu Province, which is now the designated cluster in the Gansu computing hub under the policy. We are currently planning to acquire 300 acres of land for the development of hyperscale computing infrastructure cluster in the region in the next 3 to 5 years.
- *Expanding Geographical Resources and Client Base through Active Acquisition and JV Partnership:* With entrance requirements becoming more stringent, we expect that old, inefficient medium-small sized data centers will become increasingly less competitive, which will reduce the market prices in the IDC sector to reasonable levels. Once this happens, more acquisition opportunities will be available and we can leverage our capital reserve, technical know-how and superior leading client profile to actively pursue and negotiate potential opportunities that can provide synergy to our geological layout, client base and business model, so as to generate additional value for our long-term development.
- *Obtaining Renewable Energy through Diversified Approaches:* In regions with abundant energy, we plan to stick with the "local generation, local consumption" approach. Using our data centers in these regions as leverage, we will introduce strategic partners into these regions to conduct local power generation, while we will assume the role of local power consumption. Along with this, we will further strengthen our in-house R&D capabilities and improve energy efficiency and energy storage. Meanwhile, we will cooperate with green energy enterprises and the grid for long-term green energy procurement arrangement.

Under our growth plan, our dedicated commitment to all of our customers and stakeholders, which is to be the leading industry player in operational efficiency, project delivery, cost management, energy efficiency and emission reductions, and to deliver outstanding asset return, remain unchanged.

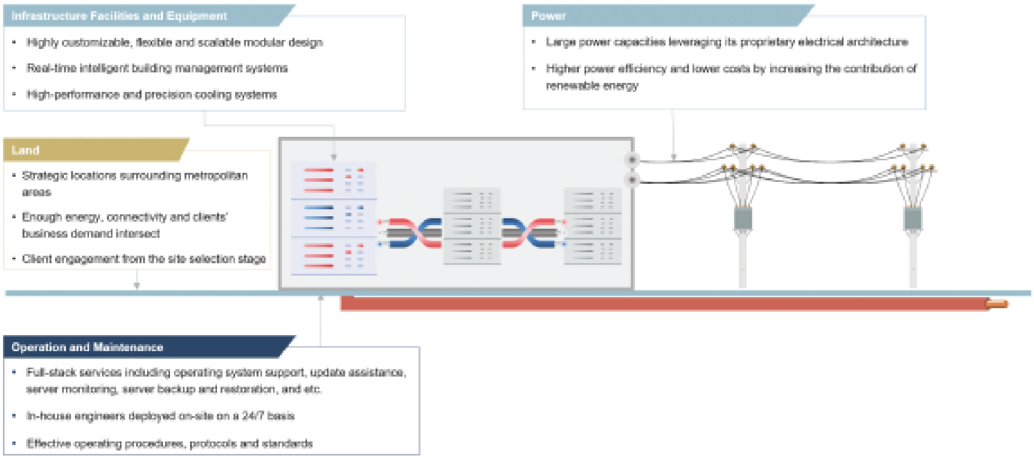
OUR SOLUTIONS

We act as a trusted business partner to our clients, providing integrated hyperscale data center solutions that cover a full stack of services throughout their business life cycle. As a carrier-neutral hyperscale data center solution provider, we focus on designing, building and operating next-generation hyperscale data centers that satisfy the scaling and elastic needs of clients with large-scale operations as their business grows in Asia-Pacific emerging markets.

Our data centers are strategically located at key locations where energy, connectivity and clients' business demand intersect, typically surrounding metropolitan areas such as Beijing, Shanghai, Shenzhen, Kuala Lumpur, Mumbai and Bangkok. Compared to sites within metropolitan areas, these surrounding locations have abundant energy supplies, ample and low-cost land resources and favorable local economic development policies, while maintaining close proximity to both the corporate headquarters of our clients and end users and reducing latency.

Our next-generation hyperscale data center campuses effectively integrate land, infrastructure facilities and equipment, energy and network resources at lower cost. We realize economies of scale through centralized, standardized and modular hyperscale data center facilities, high proportion of renewable energy supplies and high-speed optical fiber network connections. These supply and cost advantages allow us to deliver data center solutions with faster delivery time and higher scalability, flexibility and cost efficiency.

FULL-STACK HYPERSCALE DATA CENTER SOLUTIONS



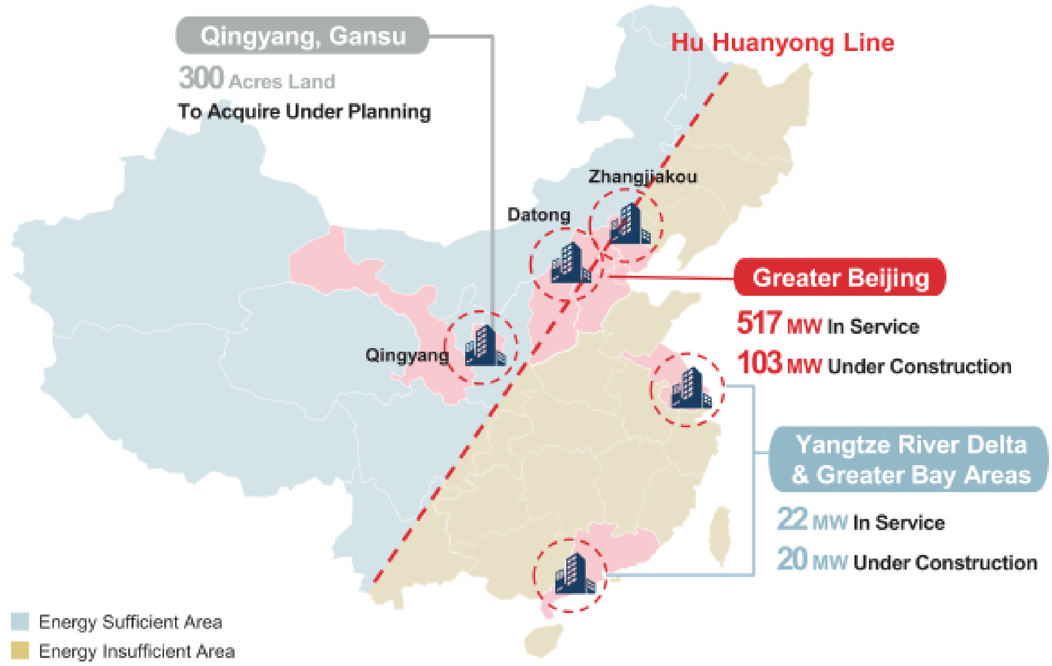
- *Land.* We carefully choose the sites for our hyperscale data centers at strategic locations surrounding metropolitan areas where energy, connectivity and clients' business demand intersect. We also proactively engage with potential clients starting from the site selection and planning stage, analyzing their business needs. We then select the most suitable location based on their geographic and capacity requirements from our portfolio of existing available sites, or in certain cases, acquire new sites that fit their needs.
- *Infrastructure Facilities and Equipment.* Built on our modular design principle, our hyperscale data centers in China are highly flexible and scalable to address our clients' evolving capacity and technical requirements. Our hyperscale data centers are equipped with customizable and energy efficient racks and cabinets for our clients' servers and network equipment depending on our clients' requirements. We have also implemented real-time intelligent building management systems to ensure the stable and reliable operation of our clients' servers and network equipment. Our high-performance and precision cooling systems ensure that our clients' equipment is strictly maintained at a controlled temperature and humidity. We also enforce a high standard of fire control through sensitive smoke detectors and environmentally-friendly gas-based or water mist fire suppression systems. Finally, we have implemented strong building monitoring and access control policies through on-site security personnel, building access systems and video surveillance systems.
- *Power.* We provide our clients with integrated power services. Power costs may be included in the costs for our solutions, or we may charge our clients separately for actual power consumed. Leveraging our proprietary electrical architecture, we are able to operate with large power capacities at our hyperscale data centers and optimize power usage efficiency, enabling our clients to deploy their servers and network equipment more efficiently and reduce their operating costs. We are also dedicated to improving our power efficiency and lowering power costs by increasing the contribution of renewable energy in our power supply. We target to power all of our hyperscale data centers with 100% clean and renewable energy, and are the first data center operator headquartered in China to set such a target, according to Greenpeace. See "— *Our Commitment to Sustainability*" for a full description of our efforts and commitment to our planet.
- *Operation and Maintenance.* In addition to critical infrastructure services, depending on our clients' needs, we provide a full suite of management services for their servers and network equipment, including operating system support, update assistance, server monitoring, server backup and restoration, server security evaluation, firewall services and disaster recovery. Our in-house operation and maintenance engineers are deployed on-site at our hyperscale data centers on a 24/7 basis. While we do not have access to our clients' data, we have developed effective operating procedures, protocols and standards to fulfil high industry standards and client specifications with respect to daily operation, maintenance, troubleshooting, backup and disaster recovery.

Compared to traditional data centers, our hyperscale data centers are highly flexible, scalable and cost efficient in terms of land, power and network connectivity, in addition to having shorter delivery time. Historically, we have been able to deliver a data center with 36 MW of capacity in China within six months of breaking ground at the site.

OUR DATA CENTERS

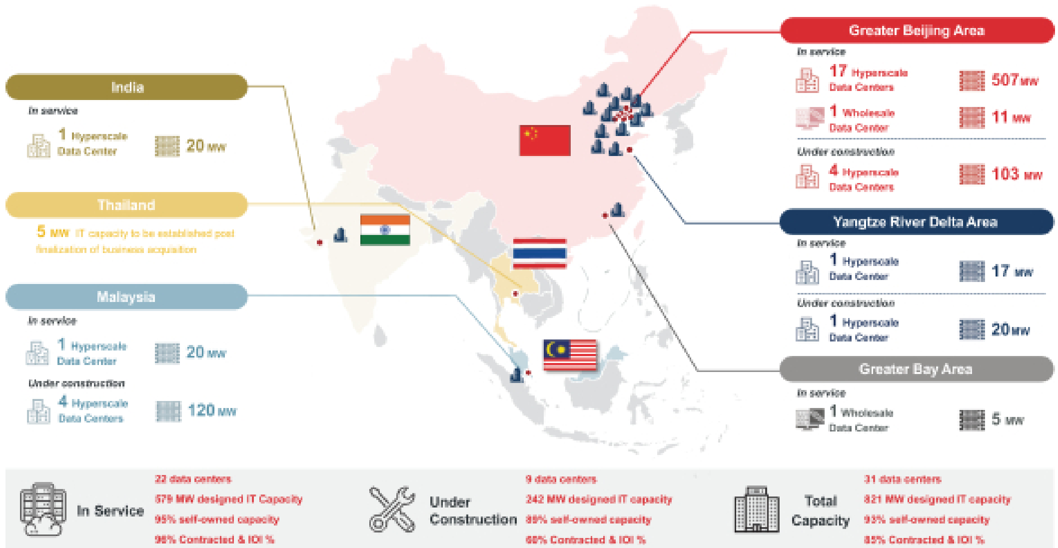
We design, build and operate hyperscale data centers in China, Malaysia, India and Thailand. In China, we operated 18 hyperscale data centers with capacity in service of 524 MW as of September 30, 2022. In Malaysia, we operated one hyperscale data center in Cyberjaya, Selangor Darul Ehsan with capacity in service of 20 MW as of September 30, 2022. In India, we operated one hyperscale data center in Navi Mumbai with capacity in service of 20MW as of September 30, 2022. As of September 30, 2022, our hyperscale data centers accounted for 97% of our 579 MW capacity in service, and our construction cost per MW of data center capacity in service is about US$3.3 million per MW. For the three months ended March 30, 2021, our average PUE was 1.21. In addition, we also operate two wholesale data centers with capacity in service of 16 MW in China. Our next-generation hyperscale data centers are characterized by their centralization of resources, standardization of infrastructure development and modular design philosophy, achieving high performance, operating efficiency, scalability and cost effectiveness.

- *Centralization.* Our hyperscale data centers centralize and integrate resources to satisfy needs of different clients at the same location, realizing economies of scale and reducing costs. Our hyperscale data centers and/or the campus in which they reside typically have a capacity of 20 MW or more and are located at strategic locations surrounding metropolitan areas where energy, connectivity and clients' business demand intersect. Our data centers are highly reliable with cost-efficient power supply and carrier-neutral connectivity. Leveraging our hyperscale capacity, high-speed optical fiber connection and close proximity to major cities, we can provide high performance connectivity to our clients with low latency at lower costs. We believe that our centralization efforts also have the added effect of spurring the infrastructure and economic development of areas surrounding our hyperscale data center campuses.
- *Standardization.* Our standardized hyperscale data centers can achieve economies of scale with predictable and manageable costs. Our direct supply chain management approach enables us to develop hyperscale data centers without the need of a general contractor and achieve more efficient standardization through our direct management. In addition to focusing on the construction of individual data centers, we also plan and design standardized fundamental infrastructure for the entire hyperscale data center campuses, covering power distribution networks, telecommunication networks, building infrastructure and other public facilities and infrastructure within the campus.
- *Modularity.* Our hyperscale data centers in China are built on pre-engineered, pre-fabricated and standardized modules. Our modular design philosophy is applied at different levels ranging from our components and server rooms to building shells and campuses, enabling quick construction and delivery. This approach also allows for gradual build-up of the infrastructure to match the demand of our clients, which greatly reduces capital expenditures and defers investment until as late as possible. Leveraging our strong design and research capabilities, we typically provide designs based on our patents to our ODMs and cooperate closely with them in the module research and manufacturing process for our projects in China. Our pre-fabricated modules are built with precise specifications in a controlled factory environment which results in improved reliability and more predictable data center performance and allows simple and fast deployment. Built on our modular design principle, our hyperscale data centers in China are highly customizable, flexible and scalable to address our clients' evolving capacity and technical requirements.



Note: as of September 30, 2022

Majority of our data centres are strategically located in Hu Huanyong Line which is a power resources rich area in China and this presents major cost advantages to us in terms of land, power, and network connectivity. We are currently planning to acquire 300 acres of land in Qingyang, Gansu for the development of hyperscale computing infrastructure cluster in the region in the next 3 to 5 years. As of September 30, 2022, in Greater Beijing, we have 517 MW capacity in service and 103 MW capacity under construction. As of September 30, 2022, in the Yangtze River Delta and Greater Bay areas, we have 22 MW capacity in service and 20 MW capacity under construction.



Note: as of September 30, 2022

We operated six, ten, 13 and 18 hyperscale data centers in China as of December 31, 2019, 2020, 2021 and September 30, 2022, respectively, one hyperscale data center in Malaysia as of each such date and two wholesale data centers as of September 30, 2022. Our data center capacity in service reached 193 MW, 291 MW, 440 MW and 579 MW as of December 31, 2019, 2020, 2021 and September 30, 2022, respectively, 87%, 87%, 87% and 96% of which was contractually committed capacity, respectively.

The following table sets forth details concerning our data centers in service as of September 30, 2022:

Data Center	Type	Leased/ Owned	IT Capacity in Service (MW)	Contracted IT Capacity (MW)	IoI IT Capacity	Utilized IT Capacity (MW)	Ready for Service
Greater Beijing Area, China							
CN01	Hyperscale	Owned	36	36	—	36	2019Q2
CN02	Wholesale	Leased	11	6	—	5	2017
CN03	Hyperscale	Owned	17	17	—	17	2017Q3
CN04	Hyperscale	Owned	28	27	—	27	2018Q4
CN05	Hyperscale	Owned	23	23	—	22	2019Q2
CN06	Hyperscale	Owned	30	30	—	29	2019Q2
CN07	Hyperscale	Owned	29	27	—	27	2019Q4
CN08	Hyperscale	Owned	51	51	—	51	2020Q3
CN09	Hyperscale	Owned	52	51	—	47	2021Q1
CN10	Hyperscale	Owned	3	3	—	3	2020Q3
CN11-A	Hyperscale	Owned	24	23	—	23	2020Q4
CN11-B	Hyperscale	Owned	24	23	—	23	2021Q2
CN11-C	Hyperscale	Owned	71	71	—	65	2021Q4
CN12	Hyperscale	Owned	6	5	—	5	2022Q1
CN13	Hyperscale	Leased	13	13	—	3	2022Q2
CN14	Hyperscale	Owned	18	18	—	9	2022Q3
CN15	Hyperscale	Owned	52	52	—	36	2022Q1
CN18	Hyperscale	Owned	30	30	—	1	2022Q3
Yangtze River Delta Area, China							
CE01	Hyperscale	Owned	17	10	—	7	2020Q4
Greater Bay Area, China							
CS01	Wholesale	Leased	5	3	—	3	2017
Malaysia							
MY0102	Hyperscale	Owned	20	15	—	12	2018Q2
India							
BBY01	Hyperscale	Owned	20	20		5	2022Q3
Total			**579**	**555**	**0**	**454**	

The following table sets forth details concerning our data centers under construction as of September 30, 2022:

Data Center	Type	Leased/ Owned	Designed IT Capacity (MW)	Contracted IT Capacity	IoI IT Capacity	Ready for Service
Greater Beijing Area, China						
CN16	Hyperscale	Leased	14	—	14	2023
CN17	Hyperscale	Leased	14	—	14	2023
CN19	Hyperscale	Owned	26	—	11	2023
CN20	Hyperscale	Owned	49	—	38	2023Q2
Yangtze River Delta Area, China						
CE02	Hyperscale	Owned	20	—	—	2023
Malaysia						
MY03	Hyperscale	Owned	16	8	—	2022Q3
MY06-1	Hyperscale	Owned	19	—	19	2022Q4
MY06-2	Hyperscale	Owned	42	—	42	2023Q1
MY06-3	Hyperscale	Owned	43	—	—	2024Q4
Total			242	8	137	

Land Resources Held for Future Development

We hold and have secured various land resources for future data center development. This includes land for which we have entered into memoranda of understanding or framework agreements with relevant local governments and land in China for which we have completed the bidding process but have not yet commenced construction.

Retail Data Centers

In addition to the 579 MW of hyperscale and wholesale data center capacity above, where we drive the planning, design and construction of infrastructure, we also provide data center colocation services at smaller retail data centers. These retail data centers are generally located within major metropolitan areas rather than at the outskirts. We do not participate in the planning, design or construction of infrastructure of these retail data centers, and only provide basic colocation services.

OUR CAPABILITIES AS A HYPERSCALE DATA CENTER SOLUTION PROVIDER

Our capabilities as a hyperscale data center solution provider encompass planning, design, construction, operation and maintenance, and connectivity. Leveraging these capabilities, we are able to offer data center solutions with faster delivery time and higher flexibility, scalability and cost efficiency.

Planning

We carefully choose the sites for our hyperscale data centers at strategic locations where energy, connectivity and clients' business demand intersect. Our in-house design team coordinates the overall planning of our hyperscale data centers. We proactively engage with potential clients starting from the site selection and planning stage. Our team performs in-depth analysis on clients' business needs and selects the most suitable location for their geographic and capacity requirements either from the land and building resources that we have reserved or new land resources that we would be able to acquire if needed. We may enter into memoranda of understanding or frame agreements with the relevant governments to secure land resources required in our planned projects before completing the land bidding process in China. Our team also works with local government authorities to obtain any necessary permits and approvals and with electric utilities to obtain sufficient power supply. We construct our power distribution network to ensure stable and reliable power supply in our campus. Although carrier-neutral, we actively cooperate with telecommunications carriers to ensure high-performance network connectivity to our data centers.

Design

Our in-house design team is responsible for the design and specifications of our hyperscale data centers. We conduct all design workflows in-house to ensure that each of our hyperscale data centers in China meets the preferences and requirements of our target clients. Our design principle is driven by modularity and standardization to achieve high scalability and cost efficiency in both construction and operation. We continually study new engineering technologies and industry trends to enhance our designs through repeated iterations. We have broken from the traditional black-white-grey industrial style in the data center industry and pioneered a new style that integrates aesthetics and technology into our building designs. For instance, our proprietary airflow design with thermal mezzanine guides heat sources effectively to reduce energy consumption while leaving our data hall visually pleasing. Our proprietary designs have utilized lower capital expenditures compared with our peers.

Our design team works on each project from the site selection and planning stage to ensure that our data centers are designed to meet the preferences and requirements of our target clients from the beginning. Our design team works closely with our research and development team to design and develop our proprietary data center modules and building designs and ensure that our technology strengths are fully integrated. As of September 30, 2022, we owned 400 approved and pending patents relating to data center designs and modules in China. See "— *Our Technologies and Research and Development*" for a full description of our proprietary modular technologies.

Construction

Our modular and standardized approach allows us to quickly construct hyperscale data centers and install equipment to satisfy the scalable demand of our clients throughout their business life cycles.

Our project management office is responsible for overall project management and coordination, including vendor selection, procurement, budget control, cost analysis, project scheduling, safety and quality assurance. We have a specialized construction team for various work flows in data center module manufacturing, building construction and equipment installation, which consists of experienced professionals in architecture, electricity and piping. Our construction team has building information modeling professionals who provide data center 3D modeling to help us plan, design, construct and manage our buildings and infrastructure more efficiently.

Instead of engaging a general contractor for each project, we manage contractors directly and monitor the construction process ourselves, and we are highly involved in each work flow during the construction of our hyperscale data centers in China. All of our modules are prefabricated by our suppliers to unified specifications, allowing fast assembly. We believe that our direct supply chain management approach enables us to achieve high efficiency and cost effectiveness in data center construction. See "— *Our Supply Chain Management*" for a full description of our supply chain management approach.

After the building construction is completed, we work with our contractors and suppliers to install equipment in the buildings, including power, network, air conditioning and other critical equipment. Our team conducts strict testing before the delivery of our data centers to ensure that each facility is fully operational and satisfies the specifications set by our clients.

With our outstanding design and project management capabilities, we have greatly shortened our data center delivery time. Historically, we have been able to deliver a data center with 36 MW of capacity in China within six months of breaking ground at the site.

Operation and Maintenance

Our operation and maintenance team is responsible for directing, coordinating and monitoring the daily operation of our data center facilities. The engineers in our operation and maintenance team are deployed on-site in our data centers. To ensure that our services satisfy or exceed industry standards and the specifications set out in service level agreements with our clients, we have developed robust operating procedures, protocols and standards with respect to daily operations, maintenance, troubleshooting, backup and disaster recovery. Our operation and maintenance team can respond to client requests and inquiries immediately. Our 24/365 readiness supports the high reliability and resiliency of our data center services. Leveraging our outstanding design and operation capabilities, we have achieved better energy efficiency compared with our peers.

We have been certified under ISO9001, ISO20000, ISO22301 and ISO27001 standards. We have also received the Tier IV Design certification and the Hybrid Resiliency Assessment certification from the Uptime Institute, an unbiased advisory organization focused on improving the performance, efficiency and reliability of data center infrastructure. We are the first data center solution provider in the world to receive the Hybrid Resiliency Assessment certification, which demonstrates our robust capability to provide infrastructure for hybrid elastic cloud computing. Our New Media Big Data Phase I campus has been awarded with the "Management and Operations Approved Site" certification by the Uptime Institute. In addition, we have received awards from Datacloud on global hyperscale innovation, and edge computing innovation award from Data Centre Dynamics. In 2021, we won a prize of "Best Environmental, Social, Governmental (ESG) Initiative" in the prestigious 17th Global Carrier Awards (GCA), becoming the first computing infrastructure company in Asia Pacific region to receive the honor. In addition, we participated in China's first nationwide green power transaction and completed a procurement of 100 million kilowatt-hours (kWh), being the largest purchaser of green electricity in the digital infrastructure industry. In 2021, our Taihang Mountain Energy and Information Technology Industrial Campus of the Pan-Beijing Area was awarded as "Leading Carbon Neutral Data Center," the highest rating in the 2021 Data Center Carbon Neutrality Rating.

OUR TECHNOLOGIES AND RESEARCH AND DEVELOPMENT

We design, construct and operate our data centers to achieve optimized modularity, reduce costs and increase scalability and energy efficiency. Our in-house teams jointly develop our proprietary data center modules and building designs. Our research and development team conduct fundamental research projects and also collaborate closely with our design and operation teams to develop new technologies based on needs in our daily operation. We continue to optimize our designs to keep abreast of technology developments and client demand through analyzing data accumulated during the operation of our data centers.

Our teams also work closely with our ODMs to tailor and modify equipment to achieve better performance and satisfy clients' specific configurations. For our projects in China, we typically provide designs based on our patents to our ODMs and cooperate closely with them in the module research and manufacturing process. Our ODMs consist of leading international manufacturers in various fields. Our ODM approach allows us to provide high-quality customized modules and equipment with high research and development efficiency at lower costs.

As of September 30, 2022, we owned 400 approved and pending patents relating to data center building designs and modules in China. We have developed three models of data center building designs and a full range of modules for power, cooling, server racks and cabinets, wiring and supporting structure.

Data Center Building Designs

We have three proprietary data center building design models to meet different client demand and site scenarios. All of our building designs are built on pre-engineered, pre-fabricated and standardized modules. We utilize different cooling systems to achieve optimized cooling efficiency in each building design. Our building can achieve highly effective thermal insulation and minimize influence from hot and humid outdoor environments. Our data center designs also take into consideration architecture coloring aesthetics. As data centers are mission-critical facilities, we apply highly saturated and vivid color scheme to our buildings to achieve this visual impact. We also apply highly reflective color to the roofing for better energy conservation.

- *Single-floor data center:* Our single-floor data centers are highly elastic and scalable, allowing quick construction and deployment for data center campuses in suburban areas with ample land supply and suitable for Internet companies and cloud service providers that require fast delivery time.
- *Three-floor data center:* Our three-floor data center is suitable for clients with more stringent safety requirements such as financial service providers that prefer to deploy their IT equipment neither on the first nor the top floor.
- *Multi-floor data center:* Our multi-floor data centers are suitable for both urban areas and urban skirts. We equip each floor with independent cooling, power and other infrastructure modules. Each floor is physically isolated from the other floors and can operate independently, achieving high elasticity and reliability.

Container Modules

We have developed an overall solution to rapidly deploy our container data centers. The whole infrastructure of our data center includes main building modules, diesel generator modules, power modules and cooling system modules, which are all pre-fabricated in the container factory. 90% of our mechanical and electrical equipment, such as cabinets, bridges, air ducts, water pipes, fans and pumps, have been integrated in our container modules. After our container modules are transported to the site, what needs to do is some simple splicing work, which significantly simplifies the construction of data center projects and improves the efficiency of data center delivery.

Power Modules

We have designed a variety of pre-fabricated power modules consisting of multiple components, including generators, transformers, power distribution equipment, UPS and high-voltage direct current or HVDC systems. Our power modules increase power efficiency and reduce the complexity and time to deploy critical data center power, offering great flexibility for scaling data center power for expansion or incremental growth. These modules include low voltage power diesel power generator modules, low/medium voltage UPS integrated power modules, medium voltage power generator modules and HVDC medium voltage power modules.

Cooling System Modules

Our cooling systems modules help us lower our PUE, simplify piping and wiring, save space and effectively shorten our design and construction cycle. We design our cooling system modules primarily based on natural cooling, supplemented by mechanical cooling only when necessary to achieve low-cost cooling and optimize water and power usage effectiveness. Our cooling system modules include evaporative natural cooling AHUs, evaporative water-cooled chiller and fan units.

We have developed and designed a liquid immersion cooling solution to radiate the heat flow of CPU/GPU chips with ultra-high density, and to reduce the energy consumption used for cooling our data center server. Through such solution, various modules, such as servers, switches and power distribution units, are directly immersed in insulated liquid media with thermal conductivity. The coolant heated by the data center server is pumped to the heat exchanger unit CDU through a low-power circulation pump, and sent back to the cooling tank after being cooled down by heat exchange with the natural outdoor cold source. Compared with traditional cooling solutions, our low-power liquid circulation system and completely natural cooling system replace the high energy-consuming mechanical cooling and end systems, and achieve the energy-saving operation mode of our data center and improve our efficiency of energy utilization.

Our evaporative cooling technology refers to obtaining the cooling capacity required for air conditioning through the utilization of dry air energy, as well as the cold water or cold air at low temperatures through the exchange of the heat and moisture between water and dry air. The compound evaporative cooling chiller applied in Lingqiu machine room with ultra-high density adopts both indirect and direct evaporative cooling technologies at the same time, therefore successfully lowering the water temperature by 4 to 6°C compared with that from common cooling towers, which extends the time of natural cooling and maximize the use of the cooling capacity of the outdoor air. The fast delivery can be achieved by utilizing large temperature difference between supply and return, adopting backwater design and reducing the power consumption of the pump for cold water delivery, as well as adopting the modular design in addition.

Heat Recovery Technology

Our bases in headquarter and Lingqiu both apply heat recovery technology, through which both bases are self-sufficient in winter heating. Our heat recovery technology is equipped with a water source heat pump unit, which recovers the heats that originally need to be dissipated through the cooling tower, and supply heats externally after raising the water temperature to 60°C. Our heat recovery technology saves the heating costs and reduces our cooling water system’s consumption of electricity and water, thereafter reducing the consumption of coal or natural gas energy, which really help achieve the mission of energy conservation and emission reduction.

Wastewater Recycling

Zhangjiakou Huailai Headquarter Park, as the first water discharge recycling site of our Group, has put the first set of our wastewater recycle system into operation. The main desalination device of our wastewater recycle system adopts RO reverse osmosis, with the water volume at 40m3/h, the water production rate not less than 60%, and the desalination rate not less than 95%. Our wastewater recycle system has significantly improved the water utilization efficiency and reduced the wastewater discharge, and we achieve the comprehensive wastewater recycling rate of more than 50%. Our wastewater recycle system reduces the total operating costs and practices the concept of low-carbon and green data center.

Server Rack and Cabinet Modules

We design highly configurable and customizable server racks and cabinets to accommodate servers and network equipment to improve the efficiency of data center network management and operation. We have developed four generations of server rack and cabinet modules, integrating various components within each module, including the power distribution system, smart monitoring system, and smart power distribution unit and cable trays. We adopt light-weight aluminium materials to reduce weight and costs to facilitate on-site installation. The modularity of server racks and cabinets reduces the workload of installation and simplifies the operation and maintenance procedures.

Wiring and Supporting Structure Modules

We use modular wiring and supporting structure modules to effectively prevent cross-construction and engineering error, save resources, accelerate delivery and facilitate efficient operation and maintenance. These modules include wiring modules and supporting structures for cables and equipment.

OUR SUPPLY CHAIN MANAGEMENT

Our direct supply chain management approach in China enables us to efficiently construct data centers without the need of a general contractor. Our in-house capabilities across a full spectrum of various functions enable us to manage and collaborate with contractors and suppliers closely and engage multiple work streams concurrently to significantly shorten our delivery time. We directly purchase components needed in our projects from our suppliers. We manage contractors and suppliers vertically and simultaneously to monitor quality, cost and speed, directly coordinating and supervising our contractors and suppliers in projects through stringent inspections and evaluations. We also maintain a master project schedule and set specific milestones for tasks completed by our contractors and suppliers to ensure each project progresses on schedule. In addition, we also closely monitor key cost-related indicators and control our costs dynamically during the construction process.

OUR COMMITMENT TO SUSTAINABILITY

We are highly committed to sustainability. We believe that our environment should not be compromised by the prosperity of our data-driven economy. We believe our achievements in sustainability could also drive client demand as an increasing number of enterprises search for solutions to achieve their green energy objectives and reduce their carbon footprint.

We continuously increase the contribution of renewable energy in our power supply. In 2020, our renewable energy usage ratio reached 51%. We target to power all of our data centers with 100% clean and renewable energy, and are the first data center operator headquartered in China to set such a target according to Greenpeace.

We are dedicated to designing and operating energy-efficient data centers. We optimize energy efficiency through our proprietary power supply architecture and dedicated substations. Our data centers are equipped with smart cooling system modules that can automatically choose the most suitable cooling mechanism. Our cooling system is primarily based on natural cooling supplemented by mechanical cooling only when necessary to achieve low-cost cooling and optimize water and power usage effectiveness. We have established a special taskforce for energy efficiency management and we constantly monitor dynamic energy efficiency through visualized management system to optimize energy efficiency during operation. In addition to improving energy efficiency, we also minimize pollution during the construction and operation of our data centers through waste treatment and recycling, and reduce noise through soundproofing measures.

In 2020 and 2021, in recognition of our efforts, Greenpeace ranked us the first on their renewable energy ranking of China-based Internet companies two years in a row and awarded us a full score in the category of renewable energy performance. In 2019, we won the Data Center Green Classification (Operational) 5A certificate, the highest level of green data center certificate jointly awarded by the Open Data Center Committee and TGG (China). In September 2021, we formally became a corporate member of the United Nations Global Compact, which is the world's largest corporate sustainability initiative with more than 13,000 supportive institutional and corporate members from more than 170 countries. We also joined the RE100 initiative in September 2021, which is a global renewable energy initiative jointly launched by the Climate Group and the Carbon Disclosure Project's Global Environmental Information Research Center (CDP Worldwide) to accelerate at scale the effort of reaching the zero carbon energy consumption goal. In February 2022, our Taihang Mountain datacenter in Shanxi province was selected as one of the national green and low carbon pilot projects by Ministry of Industry and Information Technology of the People's Republic of China.

OUR CLIENTS AND CLIENT ECOSYSTEM

Our Clients

We act as a partner, rather than a third-party vendor, to our clients and provide them with a full stack of data center solutions throughout their business life cycles. We may enter into contracts directly with our end users or through intermediaries. Leveraging our deep understanding of client needs and our excellent technology capabilities, we are able to understand our clients' technology development at an early stage and provide modularized next-generation hyperscale data center solutions to best address their evolving needs and unique requirements. We provide our clients with integrated data center solutions, covering infrastructure, power supply, connectivity and operation and maintenance, tailor-made to their scale and requirements throughout the planning, design, construction and operation process.

We have a high-quality, diversified and committed client base, including leading technology companies such as ByteDance and Microsoft. Our client base represents a variety of industries, such as cloud services, big data, artificial intelligence, social networking, online streaming, financial services and public services. Our clients benefit from our integrated platform to support and grow their business internationally. For example, Microsoft is a client for our data center solutions in Malaysia.

Revenues from ByteDance accounted for 68.2%, 81.7%, 83.2%, 82.8% and 86.6% of our total revenues for the years ended December 31, 2019, 2020 and 2021 and for the nine months ended September 30, 2021 and 2022. Revenues from Wangsu accounted for 11.1% our total revenues for the year ended December 31, 2019. No other client accounted for 10% or more of our total revenues in 2019, 2020 or 2021 or for the nine months ended September 30, 2021 and 2022. ByteDance typically signs with us service contracts of ten years.

Material Terms of ByteDance Hyperscale Data Center Agreements

Under the terms of our agreements with ByteDance, we customize data centers for ByteDance and provide ByteDance with comprehensive technical services for hyperscale data centers. ByteDance pays us service fees, such as cabinet fees and cabinet vacancy fees. The original contract term is typically ten years and the current contracts will expire between 2027 and 2032. These agreements will generally automatically renew if neither party notifies the other in writing that it will not renew the agreements within 30 days before the expiration and the renewal period will be separately discussed and agreed between the parties. As of the date of this offering memorandum, neither ByteDance nor we have early terminated any contracts.

Contract Terms and Pricing

Our hyperscale data center clients generally enter into contracts with us for a term of five to ten years. Our hyperscale data center clients are required to pay us a substantial amount of the total service fees in case of early termination. We have also reserved capacity for certain hyperscale data center clients, whereby such client has the first right of refusal to expand the capacity under the agreement. Pricing in our hyperscale data centers service agreements contains variable considerations that are primarily based on the usage of capacity.

Our typical retail data center service agreements provide a notice period of one month for early termination or decrease of capacity under the agreement and early termination fees. Pricing in our retail data center service agreements is for a fixed amount and generally flat over the contract term.

Client Acquisition and Ecosystem Development

We explore the new business needs of existing clients, help international clients expand into emerging markets in Asia-Pacific, and actively develop relationships with potential leading technology companies in emerging markets. To deepen existing partnerships, we continually identify and address the potential needs of existing clients, and improve and optimize our hyperscale data center solutions. We also help existing clients enter new emerging markets by leveraging our pan-Asian platform.

In addition, we develop new clients such as Asian and international cloud service providers and leading technology companies. We believe that Asia cloud service providers can collaborate with us for their business expansion in China and other Asia-Pacific emerging markets, while global cloud service providers may outsource data centers for their cloud computing business due to strong expansion in Asia. We also expect that leading technology companies in Asia will have a huge demand to outsource their data centers as their core businesses grow exponentially, while global technology companies seek reliable partners to help them penetrate Asia-Pacific emerging markets.

Our strategic business development team closely follows industry trends to forecast future client needs. They work seamlessly with our design and solution teams to address these new trends and needs. Our ecosystem development team helps integrate each client into our ecosystem, which provides the ability to connect directly with their existing and potential clients. Many of our clients encourage their own customers, suppliers and business partners to place servers and network equipment in our data centers, which has created a network effect of new clients and contract wins for us.

Marketing

Our marketing strategies include active public relations and ongoing client communications programs to support our sales efforts and promote our business development strategies. We believe our brand is one of our most valuable assets. We strive to build recognition through our website, social media and news channels, and by sponsoring, leading and participating in industry forums and client meetings. We also participate in government workshops and industry standard-setting bodies.

INTELLECTUAL PROPERTY

We regard our patents, trademarks, copyrights, domain names, know-how, proprietary technologies and similar intellectual property as critical to our success. As of September 30, 2022, we owned 400 approved and pending patents relating to data center designs and modules in China. Certain of our patents are co-owned between us and third parties as of the date of this offering memorandum. We typically provide designs based on our patents to our ODMs and cooperate closely with them to allow them to manufacture the modules used in our data centers. We also owned 51 registered trademarks in China as of September 30, 2022. We also owned 39 registered copyrighted works in China as of September 30, 2022, including software programs we developed relating to various aspects of our operations. We own a number of registered domain names in China and overseas as of September 30, 2022, including www.chindatagroup.com.

We seek to protect our technology and associated intellectual property rights through a combination of patent, copyright and trademark laws, as well as license agreements and other contractual protections. We have employed internal policies, confidentiality agreements, encryption and data security measures to protect our proprietary rights. From time to time, third parties may initiate litigation against us alleging infringement of their proprietary rights or declaring their non-infringement of our intellectual property rights. See "*Risk Factors — Risks Relating to Our Business and Industry — We may not be able to prevent others from making unauthorized use of our intellectual property. If we fail to protect our intellectual property rights, our brand and business may suffer*" and "*Risk Factors — Risks Relating to Our Business and Industry — We may face claims of intellectual property infringement and other related claims, which could be time-consuming and costly to defend and may result in an adverse impact over our operations*."

COMPETITION

We are a carrier-neutral hyperscale multi-client data center solution provider in Asia-Pacific emerging markets. We compete directly with other carrier-neutral hyperscale multi-client data center solution providers in these markets. We may also compete with other types of data center solution providers for some or all of the services we offer. We believe that we have competitive advantages over our competitors in our hyperscale data center business model, ESG strategy and Asia-Pacific emerging market presence.

- *Hyperscale data center business model*: We continue to see several major advantages in our hyperscale business model, characterized by full-stack solution, early energy-abundant region layout, high quality client profile, credible asset and long-term contract. Under this model, we are offering customized full-stack solution capabilities covering product design, technical solutions, development and construction, supply chain management, and operation and maintenance management, making us an efficient developer and operator of the IDC business. Secondly, our early site selection principle of "proximity to energy supply," under the guidance of "to efficiently convert electric power to computing power," has led to the majority of our data centers in China located in self-built campus right in or around the Beijing-Tianjin-Hebei computing hub as designated under the "East Data West Computing" policy. Thirdly, we enjoy close customer relationships with digital leaders in the international or domestic markets. The healthy development of these clients, is in-turn, bringing us long-term, steady and sizable demand. Finally, we maintain a high asset ownership under such model. As of September 30, 2022, more than 93% of our data center assets are self-owned with solid asset valuations. Further to such credible asset portfolios, our contracts with clients are long-term based and most of the contracts' term are ten years, providing a high degree of business certainty.
- *Asia-Pacific emerging market presence*: Regarding our development in Asia-Pacific emerging markets, our advantages include local business capabilities, current site selection and a domestic business model replicable for overseas business. In Asia-Pacific emerging markets, we have local teams focusing on customer management, project development, campus operation and government relations, etc., ensuring our business development are in line with the best local practice. Secondly, as we are pursuing development in Asia-Pacific emerging markets, we have selected sites for data centers in neighboring countries around Singapore, where land and energy are abundant, cost is relatively low and latency is not an obstacle, to accommodate the demand in the areas around Singapore. Lastly, relying on our in-house design and modular capability, our hyperscale business model in domestic market is replicable for overseas business. Meanwhile, our close relationships with customers established in domestic market has enabled us to further support the overseas business of our clients.
- *ESG strategy*: We have operated our business in a green and energy-efficient manner and we will continue to do so. We own strong energy integration capabilities and we can offer comprehensive energy solutions that cover power generation, transmission and distribution. We are in possession of and are further developing our R&D capabilities in green power development, energy storage and energy efficiency, and we have maintained an average PUE of 1.21 for our data centers for the three months ended March 30, 2022. With the energy-abundant region layout as the cornerstone, we are in good position to further execute our "local generation local consumption" plan through partnership and to establish long-term green energy procurement arrangement with relevant parties.

RECENT POLICY UPDATE IN THE CHINESE MARKET

We believe that opportunity for hyperscale data centers in the APAC emerging markets remain profound. In the Chinese market, we expect the industry to continue its development at a healthy pace. According to the development plan for big data industry during the 14th five-year plan period published by the MIIT in November

2021, China's big data industry will exceed 3 trillion yuan by end of 2025, with a compound annual growth rate of around 25%. MIIT also published the 14th five-year plan for the development of information and communication industry, stating that the data center computing power will reach around 300 EFLOPS (equal to one quintillion floating-point operations a second) by end of 2025, compared with 90 EFLOPS by end of 2020, indicating a 27% compound annual growth rate. Other than those national policies that provides a quantitative sense of the development of the industry, the publish of the "East Data West Computing" policy also provides further details on the development and layout of data centers in China and is expected to play a vital role in shaping the industry and market landscape.

In February 2022, the NDRC, among other government organisations, approved the kick off of the construction of eight national computing hubs and plans to build 10 national-data center clusters, known as the "East Data West Computing" Policy. The eight national computing hubs will be built in the Beijing-Tianjin-Hebei region, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, the Chengdu-Chongqing economic circle, North China's Inner Mongolia autonomous region, Southwest China's Guizhou province, Northwest China's Gansu province and Ningxia Hui autonomous region. As the backbone to China's computing network, the eight hubs will develop data-center clusters, carry out collaborative construction between data centers, cloud computing and big data, and bridge the gap between the computing resources in the eastern and western regions. Currently, most of China's data centers are distributed in the eastern regions, and shortages of land and energy resources in these regions pose a threat to the sustained development of the data centers. In contrast, China's western regions are rich in resources, especially renewable energy, and have the potential to nurture the development of data centers and meet the needs of data computing in the eastern regions. The implementation of the project is conducive to promoting green development and utilizing green energy in the western regions, and continuously optimizing the energy efficiency of data centers. We believe that the goals of this policy are highly consistent with our own long-standing views on the nature of the data center business, which at its core is "to efficiently convert green electric power into computing power".

As the demand for data centers in the future shifts toward the computing hub as designated under this policy, the Company sees significant advantages offered by its existing deployment, namely the Zhangjiakou campus, which is right in the Beijing-Tianjin-Hebei computing hub as designated by the policy, and the Datong campus, which is in close proximity to the Beijing-Tianjin-Hebei computing hub, and our layout under planning in Qingyang city, Gansu Province, another cluster as designated in the policy. As of September 30, 2022, we have a total capacity of 324 MW and 259 MW in our Zhangjiakou campus and Datong campus, respectively. We believe our existing and to-be-developed capacity in these regions will further strengthen our industry leadership.

EMPLOYEE

We had 786, 981, 1,315 and 1,419 employees as of December 31, 2019, 2020 and 2021 and September 30, 2022, respectively. The following table sets forth the breakdown of our employees as of September 30, 2022 by function and location:

Function	Number of Employees
Plan, design, construction, solution and operation and maintenance	783
Research and development	31
Sales and marketing	303
General administrative and others	302
Total	1,419

Location	Number of Employees
China	1,275
India	26
Malaysia	80
Singapore	33
Thailand	5
Total	1,419

We enter into individual employment contracts with our employees to cover matters such as salaries, benefits and grounds for termination.

Our employees and our culture are critical to our success. We maintain an open and proactive corporate culture. We have various recruiting channels and do our best to provide our recruits with great career development possibilities. We also have established various onsite and online training programs to keep our employees abreast of industry trends. Our training program topics cover professional and leadership skills, focusing on both our daily business operations and each employee's individual career development. We believe that our compensation and benefits packages are competitive within our industry. We have not experienced any significant labor disputes. We believe that we maintain good relationships with our employees. None of our employees are represented by labor unions.

As required by local regulations in the country where we operate, we participate in various employee social security plans that are administered by municipal and provincial governments for our full-time employees. In China, such required social security plans include housing, pension, medical insurance, unemployment insurance, injury insurance and maternity insurance. We are required under PRC law to make contributions to employee benefit plans for our PRC-based full-time employees at specified percentages of the total salaries, bonuses and certain allowance of our employees, up to a maximum amount specified by the relevant local governments in China from time to time. We are also required to make contributions to mandated employee provident fund schemes required by local laws for our employees in other jurisdictions.

OFFICES

Our headquarters are located at Beijing, China. We occupy approximately 6,323 sqm of office space in the aggregate in Beijing, Hebei, Shanxi, Shanghai, Jiangsu and Guangdong as of December 31, 2021. We also have offices in Singapore, Mumbai, India and Cyberjaya, Malaysia and Bangkok, Thailand, which occupy approximately 408 sqm, 10 sqm, 4,136 sqm and 4 sqm of office space, respectively as of December 31, 2021. We lease our premises from unrelated third parties under operating lease agreements.

INSURANCE

We have insurance coverage in place up to a level which we consider to be reasonable and which covers the type of risks usually insured by companies on the same or similar types of business as ours. The major types of our insurance include property insurance, equipment insurance, construction project insurance and installation project insurance.

LEGAL PROCEEDINGS

From time to time, we may be involved in disputes and legal or administrative proceedings in the ordinary course of our business, including actions with respect to breach of contract, labor and employment claims, copyright, trademark and patent infringement, and other matters. Currently one of our subsidiaries in India has been involved in an arbitration proceeding in connection with a contract dispute with a local contractor. As the arbitration proceeding remains in a preliminary stage, we cannot reliably estimate the likelihood of an unfavorable outcome or the amounts or range of any potential loss. Based on currently available information, we do not believe that the ultimate outcome of the arbitration is reasonably possible to have a material adverse effect on our financial position, results of operations or cash flows. However, legal proceedings are subject to inherent uncertainties and our view of these matters may change in the future. We cannot predict whether we could become a party to any litigation, legal proceeding, or claim arising from the ordinary course of our business, which may, to various extents, affect our future results of business, operations and financial position. Except as disclosed in this offering memorandum, there are no legal or arbitration proceedings against or affecting us, any of our subsidiaries or any of our assets, nor are we aware of any pending or threatened proceedings, which are or might be material in the context of the issue of the Notes or giving of any Subsidiary Guarantees.

CHINDATA GROUP HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2021 AND UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2022

(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

	Notes	As of December 31, 2021 RMB	September 30, 2022 RMB (unaudited)	September 30, 2022 US$ (unaudited)
ASSETS				
Current assets				
Cash and cash equivalents		4,390,293	4,204,410	591,047
Restricted cash		460,174	642,373	90,303
Short-term investments		193,672	110,048	15,470
Accounts receivable, net of allowance of RMB924 and RMB2,379 (US$334) as of December 31, 2021 and September 30, 2022, respectively	4	661,027	1,719,980	241,791
Value added taxes recoverable		327,553	431,172	60,613
Prepayments and other current assets		314,604	348,742	49,026
Total current assets		**6,347,323**	**7,456,725**	**1,048,250**
Non-current assets				
Property and equipment, net	5	9,427,591	11,741,979	1,650,661
Operating lease right-of-use assets		803,544	939,706	132,102
Finance lease right-of use assets		136,825	134,621	18,925
Intangible assets	6	305,800	296,196	41,639
Goodwill		472,883	499,880	70,272
Deferred tax assets		30,866	52,891	7,435
Restricted cash		390,535	141,151	19,843
Value added taxes recoverable		424,011	356,997	50,186
Other non-current assets		342,573	643,334	90,436
Total non-current assets		**12,334,628**	**14,806,755**	**2,081,499**
Total assets		**18,681,951**	**22,263,480**	**3,129,749**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities (including current liabilities of the consolidated VIEs without recourse to the primary beneficiary of RMB114,478 and RMB115,014 (US$16,168) as of December 31, 2021 and September 30, 2022, respectively):				
Short-term bank loans	8	260,980	455,443	64,025
Current portion of long-term bank loans	8	1,689,545	576,141	80,993
Accounts payable		1,701,299	1,863,021	261,899
Amounts due to related parties	11	38,832	71,612	10,067
Income taxes payable		49,168	101,200	14,226
Current portion of operating lease liabilities		45,501	33,646	4,730
Current portion of finance lease liabilities		4,765	4,854	682
Derivative liabilities	2	—	2,829	398
Accrued expenses and other current liabilities	7	511,257	312,117	43,877
Total current liabilities		**4,301,347**	**3,420,863**	**480,897**

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

CHINDATA GROUP HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2021 AND UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2022 (CONTINUED)

(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

	Notes	As of December 31, 2021 RMB	September 30, 2022 RMB (unaudited)	September 30, 2022 US$ (unaudited)
Non-current liabilities (including non-current liabilities of the consolidated VIEs without recourse to the primary beneficiary of RMB196,730 and RMB172,810 (US$24,293) as of December 31, 2021 and September 30, 2022, respectively):				
Long-term bank loans	8	3,526,460	7,384,510	1,038,098
Operating lease liabilities		198,806	181,752	25,550
Finance lease liabilities		57,002	57,383	8,067
Deferred tax liabilities		270,950	319,299	44,886
Derivative liabilities	2	16,354	—	—
Other non-current liabilities		196,400	217,132	30,524
Total non-current liabilities		**4,265,972**	**8,160,076**	**1,147,125**
Total liabilities		**8,567,319**	**11,580,939**	**1,628,022**
Commitments and contingencies	15			
Shareholders' equity:				
Ordinary shares (par value of US$0.00001 per share, 4,500,000,000 Class A ordinary shares authorized, 359,099,633 Class A ordinary shares issued and 358,376,753 Class A ordinary shares outstanding; 500,000,000 Class B ordinary shares authorized, 373,459,748 Class B ordinary shares issued and 368,500,979 Class B ordinary shares outstanding as of December 31, 2021; 4,500,000,000 Class A ordinary shares authorized, 375,494,439 Class A ordinary shares issued and 369,590,431 Class A ordinary shares outstanding; 500,000,000 Class B ordinary shares authorized, 360,264,942 Class B ordinary shares issued and 360,264,942 Class B ordinary shares outstanding as of September 30, 2022		46	46	6
Additional paid-in capital		10,646,328	10,804,542	1,518,878
Statutory reserves		189,700	189,700	26,668
Accumulated other comprehensive loss	13	(257,977)	(383,450)	(53,905)
(Accumulated deficit)/retained earnings		(463,465)	71,703	10,080
Total shareholders' equity		**10,114,632**	**10,682,541**	**1,501,727**
Total liabilities and shareholders' equity		**18,681,951**	**22,263,480**	**3,129,749**

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

CHINDATA GROUP HOLDINGS LIMITED

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2022

(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

	Notes	For the nine months ended September 30, 2021 RMB (unaudited)	2022 RMB (unaudited)	2022 US$ (unaudited)
Revenue				
Colocation services		1,917,651	2,950,317	414,749
Colocation rental		85,894	98,425	13,836
Others		67,003	112,666	15,838
Total Revenue	3	**2,070,548**	**3,161,408**	**444,423**
Cost of revenue				
Colocation services		(1,061,744)	(1,634,933)	(229,835)
Colocation rental		(94,141)	(105,298)	(14,802)
Others		(61,546)	(98,078)	(13,788)
Gross profit		**853,117**	**1,323,099**	**185,998**
Operating expenses				
Selling and marketing expenses		(70,960)	(52,900)	(7,437)
General and administrative expenses		(267,992)	(335,086)	(47,106)
Research and development expenses		(60,502)	(56,029)	(7,876)
Total operating expenses		**(399,454)**	**(444,015)**	**(62,419)**
Operating income		**453,663**	**879,084**	**123,579**
Interest income		47,120	38,276	5,381
Interest expense		(226,609)	(239,906)	(33,726)
Foreign exchange gain		790	6,963	979
Changes in fair value of financial instruments	2	12,886	36,023	5,064
Others, net		15,376	33,235	4,672
Income before income taxes		**303,226**	**753,675**	**105,949**
Income tax expense		(101,471)	(218,507)	(30,717)
Net income		**201,755**	**535,168**	**75,232**
Earnings per share (Class A and B ordinary shares):				
Basic	12	0.28	0.73	0.10
Diluted	12	0.28	0.73	0.10
Shares (Class A and B ordinary shares) used in earnings per share:				
Basic	12	725,828,527	728,747,018	728,747,018
Diluted	12	729,140,771	731,642,984	731,642,984
Other comprehensive loss, net of tax of nil:				
Foreign currency translation adjustments	13	(64,090)	(125,473)	(17,639)
Comprehensive income		**137,665**	**409,695**	**57,593**

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

CHINDATA GROUP HOLDINGS LIMITED
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2022

(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares)

	Number of ordinary shares	Ordinary shares	Additional paid-in capital	Statutory reserves	Accumulated other comprehensive loss	(Accumulated deficit) Retained earnings	Total Chindata Group Holdings Limited shareholders' equity
		RMB	RMB	RMB	RMB	RMB	RMB
Balance as of January 1, 2021	**724,792,217**	**46**	**10,510,516**	**82,792**	**(172,586)**	**(681,300)**	**9,739,468**
Cumulative effect of adoption of ASU 2016-13						8,323	8,323
Net income						201,755	201,755
Share-based compensation			100,941				100,941
Exercise of share options	1,641,337		12,337				12,337
Other comprehensive loss					(64,090)		(64,090)
Balance as of September 30, 2021 (unaudited)	**726,433,554**	**46**	**10,623,794**	**82,792**	**(236,676)**	**(471,222)**	**9,998,734**
Balance as of January 1, 2022	**726,877,732**	**46**	**10,646,328**	**189,700**	**(257,977)**	**(463,465)**	**10,114,632**
Net income						535,168	535,168
Share-based compensation			141,360				141,360
Exercise of share options	2,977,641		16,854				16,854
Other comprehensive loss					(125,473)		(125,473)
Balance as of September 30, 2022 (unaudited)	**729,855,373**	**46**	**10,804,542**	**189,700**	**(383,450)**	**71,703**	**10,682,541**
Balance as of September 30, 2022 (US$) (unaudited)	**729,855,373**	**6**	**1,518,878**	**26,668**	**(53,905)**	**10,080**	**1,501,727**

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

CHINDATA GROUP HOLDINGS LIMITED
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2022

(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$")

	For the nine months ended September 30,		
	2021	2022	2022
	RMB (unaudited)	RMB (unaudited)	US$ (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	201,755	535,168	75,232
Adjustments to reconcile net income to net cash generated from operating activities:			
Depreciation and amortization	434,426	583,172	81,981
Non-cash expense relating to prepaid land use rights	2,743	3,237	455
Share-based compensation	102,436	148,563	20,885
Allowance for credit losses	5,863	1,949	274
Deferred income taxes	21,534	22,564	3,172
Changes in fair value of financial instruments	(12,886)	(36,023)	(5,064)
Foreign exchange gain	(790)	(6,963)	(979)
Amortization of debt issuance cost	23,891	63,216	8,887
Others	1,879	9,349	1,315
Changes in operating assets and liabilities:			
Accounts receivable	(165,128)	(1,040,536)	(146,276)
Value added taxes recoverable	42,889	85,941	12,081
Prepayments and other current assets	(67,254)	123,570	17,371
Operating lease right-of-use assets	(2,280)	38,680	5,438
Other non-current assets	(7,169)	(3,467)	(487)
Accounts payable	3,824	60,323	8,480
Income taxes payable	(10,529)	52,032	7,315
Amounts due to related parties	—	34,089	4,792
Accrued expenses and other current liabilities	91,477	(176,574)	(24,822)
Operating lease liabilities	272	(45,027)	(6,330)
Other non-current liabilities	101,044	16,631	2,337
Net cash generated from operating activities	**767,997**	**469,894**	**66,057**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment and intangible assets, net of proceeds from sale of property and equipment	(2,494,589)	(3,225,564)	(453,443)
Purchase of land use rights	(108,417)	(103,711)	(14,579)
Cash paid for investment and business combination, net of cash acquired	—	(228,878)	(32,175)
Purchase of short-term investments	(249,485)	(110,000)	(15,464)
Sales and maturities of short-term investments	—	196,749	27,659
Net cash used in investing activities	**(2,852,491)**	**(3,471,404)**	**(488,002)**

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

CHINDATA GROUP HOLDINGS LIMITED

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2022 (CONTINUED)**

(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$")

	For the nine months ended September 30,		
	2021	2022	2022
	RMB (unaudited)	RMB (unaudited)	US$ (unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of issuance cost for ordinary shares issued in prior year	(14,734)	—	—
Proceeds from exercise of share options	7,510	6,575	924
Principal portion of finance lease payments	(6,483)	(3,958)	(556)
Proceeds from short-term bank loans	257,680	184,536	25,942
Proceeds from long-term bank loans	1,327,788	5,815,436	817,521
Payment of debt issuance cost	(28,258)	(109,498)	(15,393)
Repayment of short-term bank loans	—	(258,579)	(36,350)
Repayment of long-term bank loans	(255,252)	(3,048,637)	(428,571)
Net cash generated from financing activities	**1,288,251**	**2,585,875**	**363,517**
Exchange rate effect on cash, cash equivalents and restricted cash	(46,148)	162,567	22,853
Net decrease in cash, cash equivalents and restricted cash	**(842,391)**	**(253,068)**	**(35,575)**
Cash, cash equivalents and restricted cash at the beginning of the period	6,911,463	5,241,002	736,768
Cash, cash equivalents and restricted cash at the end of the period	**6,069,072**	**4,987,934**	**701,193**
Supplemental disclosures of non-cash information:			
Purchase of property and equipment included in accounts payable	1,184,636	1,681,504	236,382
Reconciliation of cash, cash equivalents and restricted cash:			
Cash and cash equivalents	5,603,703	4,204,410	591,047
Restricted cash	465,369	783,524	110,146
Total cash, cash equivalents and restricted cash shown in the statements of cash flows	**6,069,072**	**4,987,934**	**701,193**

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US$”)
except for number of shares and per share data)

1. ORGANIZATION

Chindata Group Holdings Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands on December 27, 2018. The Company, its subsidiaries, the variable interest entities, and subsidiaries of the variable interest entities are hereinafter collectively referred to as the “Group”. The Group is principally engaged in the provision of internet data center (“IDC”) colocation and rental services in Asia-Pacific emerging markets. The Company does not conduct any substantive operations on its own but instead conducts its primary business operations through its subsidiaries, the variable interest entities, and subsidiaries of the variable interest entities, which are primarily located in the People’s Republic of China (the “PRC” or “China”), Malaysia and India.

As of September 30, 2022, there have been no changes to the Company’s principal subsidiaries, variable interest entities, and subsidiaries of the variable interest entities since December 31, 2021.

To comply with PRC laws and regulations which prohibit foreign control of companies that engage in value-added telecommunication services, the Group primarily conducts its business in the PRC through its variable interest entities, Sitan (Beijing) Data Technology Company Limited and Hebei Qinshu Information Technology Company Limited, and subsidiaries of the variable interest entities (collectively, the “VIEs”). The equity interests of the VIEs are legally held by PRC shareholders (the “Nominee Shareholders”). Despite the lack of technical majority ownership, the Company has effective control of the VIEs through a series of contractual arrangements (the “Contractual Agreements”) and a parent-subsidiary relationship exists between the Company and the VIEs. Through the Contractual Agreements, the Nominee Shareholders effectively assigned all of their voting rights underlying their equity interests in the VIEs to Suzhou Stack Data Technology Company Limited and Hebei Stack Data Technology Company Limited, the WFOEs, who immediately assigned the voting rights underlying their equity interests in the VIEs to Stack Midco Limited, which is a wholly-owned subsidiary of the Company. Therefore, the Company has the power to direct the activities of the VIEs that most significantly impact its economic performance. The Company also has the ability and obligation to absorb substantially all of the profits and all the expected losses of the VIEs that potentially could be significant to the VIEs. Based on the above, the Company consolidates the VIEs in accordance with SEC Regulation SX-3A-02 and Accounting Standards Codification (“ASC”) 810, *Consolidation* (“ASC 810”).

The carrying amounts of the assets, liabilities and the results of operations of the VIEs are presented in aggregate due to the similarity of the purpose and design of the VIEs, the nature of the assets in these VIEs and the type of the involvement of the Company in these VIEs.

The following table sets forth the assets, liabilities, results of operations and cash flows of the VIEs included in the Company’s consolidated balance sheets, consolidated statements of comprehensive income and cash flows:

	As of		
	December 31, 2021	September 30, 2022	September 30, 2022
	RMB	RMB (unaudited)	US$ (unaudited)
Total current assets	**1,927,697**	**2,920,856**	**410,607**
Total non-current assets	**608,317**	**579,003**	**81,395**
Total assets	**2,536,014**	**3,499,859**	**492,002**
Total current liabilities	**2,225,938**	**3,184,363**	**447,651**
Total non-current liabilities	**196,730**	**172,810**	**24,293**
Total liabilities	**2,422,668**	**3,357,173**	**471,944**

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$") except for number of shares and per share data)

1. ORGANIZATION (Continued)

	For the nine months ended September 30,		
	2021	2022	2022
	RMB (unaudited)	RMB (unaudited)	US$ (unaudited)
Revenues	1,921,106	3,007,419	422,776
Net income	5,976	25,471	3,581
Net cash generated from operating activities	577,600	212,406	29,860
Net cash used in investing activities	(185,141)	(216,147)	(30,385)
Net cash used in financing activities	(1,071)	—	—

The revenue-producing assets that are held by the VIEs comprise of property and equipment, and operating lease right-of-use assets. The revenues of the VIEs are presented after elimination of inter-entity transactions. The VIEs contributed an aggregate of 93% and 95% of the Group's consolidated revenue for the nine months ended September 30, 2021 and 2022, respectively.

As of September 30, 2022, there was no pledge or collateralization of the VIEs' assets that can only be used to settle obligations of the VIEs. Other than the amounts due to subsidiaries of the Group (which are eliminated upon consolidation), all remaining liabilities of the VIEs are without recourse to the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial information using accounting policies that are consistent with those used in the preparation of the Company's audited consolidated financial statements for the year ended December 31, 2021. Accordingly, these unaudited interim condensed consolidated financial statements do not include all of the information and footnotes required by U.S. GAAP for annual financial statements.

In the opinion of management, the accompanying unaudited interim condensed consolidated financial statements contain all normal recurring adjustments necessary to present fairly the financial position, operating results and cash flows of the Company for each of the periods presented. The results of operations for the nine months ended September 30, 2022 are not necessarily indicative of results to be expected for any other interim period or for the full year of 2022. These unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2021.

Principles of Consolidation

The consolidated financial statements of the Group include the financial statements of the Company, its subsidiaries, and the VIEs for which a wholly-owned subsidiary of the Company is the primary beneficiary. All significant intercompany balances and transactions have been eliminated upon consolidation.

Convenience translation

Amounts in U.S. dollars are presented for the convenience of the reader and are translated at the noon buying rate of RMB7.1135 per US$1.00 on September 30, 2022 in the City of New York for cable transfers of RMB as certified for customs purposes by the Federal Reserve Bank of New York. No representation is made that the RMB amounts could have been, or could be, converted into US$ at such rate.

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$")
except for number of shares and per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurements

Financial instruments of the Group primarily include cash and cash equivalents, restricted cash, short-term investments, accounts receivable, derivatives, amounts due to related parties, accounts payable, certain other current assets and liabilities, short-term bank loans and long-term bank loans. The carrying amount of the long-term bank loans approximates its fair value due to the fact that the related interest rate approximates the interest rates currently offered by financial institutions for similar debt instruments of comparable maturities. The derivatives were recorded at fair value as determined on the respective issuance or origination date and subsequently adjusted to its fair value at each reporting date. The Group determined the fair values of the derivatives with the assistance of an independent appraiser. The Group applies ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820"), in measuring fair value. ASC 820 defines fair value, establishes a framework for measuring fair value and requires disclosures to be provided on fair value measurement. The carrying values of the remaining financial instruments approximate their fair values due to their short-term maturities.

The Group's derivatives represent target accrual forward transaction, the embedded call option, cross currency swap, and non-deliverable forward that did not qualify for hedge accounting in accordance with ASC 815, *Derivatives and Hedging* ("ASC 815"). The derivatives are accounted for at fair value by recording the unrealized mark-to-market (fair value adjustment) in each period in the unaudited interim condensed consolidated statements of comprehensive income within "Changes in fair value of financial instruments". As of September 30, 2022, the total notional amount of the derivative contracts were MYR396,654 and US$500. The gain of RMB1,582 and RMB35,226 (US$4,952) were recognized within "Changes in fair value of financial instruments" in the unaudited interim condensed consolidated statements of comprehensive income for the nine months ended September 30, 2021 and 2022, respectively. The estimated fair value of the derivatives is determined at discrete points in time with reference to the market rates using industry standard valuation techniques. The fair value of the Group's derivatives was determined utilizing market observable forward exchange rates. During all periods presented, there were no changes in valuation technique; or transfers in and out of each level.

Concentration of credit risk

Assets that potentially subject the Group to significant concentration of credit risk primarily consist of cash and cash equivalents, restricted cash, short-term investments and accounts receivable. The Group expects that there is no significant credit risk associated with cash and cash equivalents, restricted cash and short-term investments, which were held by reputable financial institutions in the jurisdictions where the Company, its subsidiaries, and the VIEs are located. The Group believes that it is not exposed to unusual risks as these financial institutions have high credit quality. Accounts receivable are typically unsecured and are derived from revenues earned from reputable customers. As of December 31, 2021 and September 30, 2022, the Group had one customer with a receivable balance exceeding 10% of the total accounts receivable balance. The risk with respect to accounts receivable is mitigated by credit evaluations the Group performs on its customers and its ongoing monitoring process of outstanding balances.

3. REVENUES

The following table presents the Group's revenues from contracts with customers disaggregated by material revenue category:

	For the nine months ended September 30,		
	2021	2022	2022
	RMB (unaudited)	RMB (unaudited)	US$ (unaudited)
Colocation services recognized over time	1,917,651	2,950,317	414,749
Colocation rental recognized over time	85,894	98,425	13,836
Others recognized over time	67,003	112,666	15,838
	2,070,548	**3,161,408**	**444,423**

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$")
except for number of shares and per share data)

4. ACCOUNTS RECEIVABLE, NET

	As of		
	December 31, 2021	September 30, 2022	September 30, 2022
	RMB	RMB (unaudited)	US$ (unaudited)
Accounts receivable	661,951	1,722,359	242,125
Allowance for credit losses	(924)	(2,379)	(334)
Accounts receivable, net	**661,027**	**1,719,980**	**241,791**

5. PROPERTY AND EQUIPMENT, NET

	As of		
	December 31, 2021	September 30, 2022	September 30, 2022
	RMB	RMB (unaudited)	US$ (unaudited)
Buildings	2,721,086	3,336,445	469,030
Data center equipment	4,607,321	7,236,014	1,017,223
Furniture and office equipment	17,086	19,205	2,700
Computers and network equipment	14,858	25,170	3,538
Motor vehicles	10,001	13,379	1,881
Purchased software	12,763	14,164	1,991
Leasehold improvements	48,674	95,785	13,465
Construction in progress	3,218,617	2,785,589	391,592
	10,650,406	13,525,751	1,901,420
Less: accumulated depreciation	(1,222,815)	(1,783,772)	(250,759)
Property and equipment, net	**9,427,591**	**11,741,979**	**1,650,661**

Depreciation expense for the nine months ended September 30, 2021 and 2022 was RMB401,835 and RMB550,179 (US$77,343), respectively.

6. INTANGIBLE ASSETS

	As of		
	December 31, 2021	September 30, 2022	September 30, 2022
	RMB	RMB (unaudited)	US$ (unaudited)
Acquired customer relationships	396,499	396,996	55,809
Acquired license and others	30,834	52,830	7,427
Less: accumulated amortization	(121,533)	(153,630)	(21,597)
Intangible assets, net	**305,800**	**296,196**	**41,639**

The Group recorded amortization expense of RMB31,685 and RMB31,997 (US$4,498) for the nine months ended September 30, 2021 and 2022, respectively.

As of September 30, 2022, estimated amortization expense of the existing intangible assets for the three months ended December 31, 2022 and for the years ending December 31, 2023, 2024, 2025 and 2026 is RMB10,634, RMB39,872, RMB55,207, RMB54,714 and RMB51,821, respectively.

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$")
except for number of shares and per share data)

7. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	As of		
	December 31, 2021	September 30, 2022	September 30, 2022
	RMB	RMB (unaudited)	US$ (unaudited)
Payroll payable	59,432	63,947	8,990
Interest payable*	239,853	13,438	1,889
Deferred government grants	8,629	9,815	1,380
Other tax and surcharges payable	90,011	78,187	10,991
Accrued expenses	42,693	49,751	6,994
Others	70,639	96,979	13,633
	511,257	**312,117**	**43,877**

* Interest payable as of December 31, 2021 included the incremental interest payable of RMB223,084 due upon the maturity of one bank, which was settled when the related bank loan was repaid in September 2022.

8. BANK LOANS

The Group's borrowings consisted of the following:

	As of		
	December 31, 2021	September 30, 2022	September 30, 2022
	RMB	RMB (unaudited)	US$ (unaudited)
Secured short-term bank loans	260,980	455,443	64,025
Secured long-term bank loans	5,216,005	7,960,651	1,119,091
	5,476,985	**8,416,094**	**1,183,116**

The Group entered into loan agreements with various financial institutions for data center project development and working capital purpose with terms ranging from 1 to 7 years.

As of September 30, 2022, the Group had total financing credit facilities of RMB5,704,381, US$570,000 and MYR248,000 from various financial institutions, of which the unused amount was RMB1,014,968, US$ nil and MYR nil, respectively.

The Group entered into a new syndication loan agreement with US$500,000 facility in June 2022. The facility has a 3-year tenor with a 2-year extension option. The Group had drawn down the facility in full as of September 30, 2022.

The weighted average interest rate on bank loans as of December 31, 2021 and September 30, 2022 was 7.12% and 6.21%, respectively. Management assessed that there was no breach of loan covenants for all its bank borrowings as of December 31, 2021 and September 30, 2022.

9. TAXATION

The Company's effective tax rates are 33.5% and 29.0% for the nine months ended September 30, 2021 and 2022, respectively. The change in the effective tax rate is mainly due to the increase in operating income in certain PRC subsidiaries and the increase in non-deductible expenses including share-based compensation.

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$")
except for number of shares and per share data)

9. TAXATION (Continued)

The Group evaluated its income tax uncertainty in accordance with ASC 740, *Income Taxes* ("ASC 740"). ASC 740 clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the financial statements. The Group elects to classify interest and penalties related to an uncertain tax position, if and when required, as part of income tax expense in the unaudited interim condensed consolidated statements of comprehensive income. As of September 30, 2022, the recorded unrecognized tax benefits are presented on a net basis against the deferred tax assets related to tax loss carry forwards on the Group's unaudited interim condensed consolidated financial statements. It is possible that the amount of unrecognized tax benefits will further change in the next 12 months; however, an estimate of the range of the possible change cannot be made at this moment.

In general, the tax authorities have five to seven years to conduct examinations of the tax filings of the Group's subsidiaries. Accordingly, the subsidiaries' tax years of 2016 through 2021 remain open to examination by the respective tax authorities.

10. RESTRICTED NET ASSETS

Under PRC laws and regulations, there are restrictions on the Company's PRC subsidiaries and the VIEs with respect to transferring certain of their net assets to the Company either in the form of dividends, loans, or advances. The amounts of restricted assets including registered share capital, capital reserve and surplus reserves of the Company's PRC subsidiaries and the VIEs were approximately RMB4,224,510 (US$593,872) as of September 30, 2022.

11. RELATED PARTY TRANSACTIONS

a) Related parties

Equity method investee of the Company (referred to as "Investee")

Hebei Jizongneng Energy Development Co., Ltd. ("Jizongneng")

Affiliate of certain shareholders of the Company (collectively hereinafter referred to as "Shareholder Affiliates")

Bain Capital Private Equity Advisors (China) Ltd.

Bain Capital Private Equity, LP

Bain Capital Mauritius

BCPE Bridge Cayman L.P.

BCC Mauritius Holdings PCC

Abiding Joy HK Limited

b) The Group had the following related party transactions:

	For the nine months ended September 30,		
	2021	2022	2022
	RMB (unaudited)	RMB (unaudited)	US$ (unaudited)
Purchase of utility from Jizongneng*	—	258,128	36,287

* Utility purchased from Jizongneng represented electricity and related costs for the Group's colocation services which was recorded in cost of revenues.

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$")
except for number of shares and per share data)

11. RELATED PARTY TRANSACTIONS (Continued)

c) The Group had the following related party balances at the end of the period:

		As of	
	December 31, 2021 RMB	September 30, 2022 RMB (unaudited)	September 30, 2022 US$ (unaudited)
Amounts due to related parties:			
Investee	6,754	40,843	5,742
Shareholder Affiliates	32,078	30,769	4,325
	38,832	**71,612**	**10,067**

All the balances with related parties as of December 31, 2021 and September 30, 2022 were unsecured. All outstanding balances are also repayable on demand unless otherwise disclosed.

12. EARNINGS PER SHARE

Basic and diluted earnings per share for each of the periods presented are calculated as follows:

	For the nine months ended September 30,					
	2021		2022			
	Class A	Class B	Class A		Class B	
	RMB (unaudited)	RMB (unaudited)	RMB (unaudited)	US$ (unaudited)	RMB (unaudited)	US$ (unaudited)
Earnings per share-basic:						
Numerator:						
Allocation of net income available to ordinary shareholders	97,555	104,200	269,581	37,897	265,587	37,335
Denominator:						
Weighted average number of ordinary shares outstanding	350,963,669	374,867,453	367,092,587	367,092,587	361,654,431	361,654,431
Denominator used for earnings per share	**350,963,669**	**374,867,453**	**367,092,587**	**367,092,587**	**361,654,431**	**361,654,431**
Earnings per share-basic	**0.28**	**0.28**	**0.73**	**0.10**	**0.73**	**0.10**
Earnings per share-diluted:						
Numerator:						
Allocation of net income available to ordinary shareholders	97,555	104,200	269,581	37,897	265,587	37,335
Reallocation of net income available to ordinary shares as a result of conversion of Class B to Class A ordinary shares	104,200	—	265,587	37,335	—	—
Reallocation of net income to Class B ordinary shares	—	(96)	—	—	(1,051)	(148)
Net income available to ordinary shareholders	**201,755**	**104,104**	**535,168**	**75,232**	**264,536**	**37,187**
Denominator:						
Weighted average number of ordinary shares outstanding	350,963,669	374,867,453	367,092,587	367,092,587	361,654,431	361,654,431
Share-based awards	1,947,865	1,364,379	2,895,966	2,895,966	—	—
Conversion of Class B including potential ordinary shares to Class A ordinary shares	376,231,832	—	361,654,431	361,654,431	—	—
Denominator used for earnings per share	**729,143,366**	**376,231,832**	**731,642,984**	**731,642,984**	**361,654,431**	**361,654,431**
Earnings per share-diluted	**0.28**	**0.28**	**0.73**	**0.10**	**0.73**	**0.10**

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$")
except for number of shares and per share data)

13. ACCUMULATED OTHER COMPREHENSIVE LOSS

	RMB
Balance as of January 1, 2021	(172,586)
Foreign currency translation adjustments, net of tax of nil	(64,090)
Balance as of September 30, 2021 (unaudited)	(236,676)
Balance as of January 1, 2022	(257,977)
Foreign currency translation adjustments, net of tax of nil	(125,473)
Balance as of September 30, 2022 (unaudited)	(383,450)
Balance as of September 30, 2022, in US$ (unaudited)	(53,905)

There have been no reclassifications out of accumulated other comprehensive loss to net income for the periods presented.

14. BUSINESS COMBINATION

In March 2022, the Group completed a business combination, which the Group expected to increase its operating capacity in Thailand. The total purchase consideration was RMB76,029 (US$10,688). The acquired business was considered insignificant. The results of the acquired business's operations have been included in the Group's consolidated financial statements.

15. COMMITMENTS AND CONTINGENCIES

Capital expenditure commitments

The Group has commitments of RMB2,273,538 (US$319,609) for the purchase of certain data center equipment and construction in progress as of September 30, 2022, which are scheduled to be paid within one to two years.

Contingencies

In August 2020 ("Termination Date"), Bridge Datacentres (Mumbai) LLP ("Bridge Mumbai"), the Company's subsidiary in India, exercised its rights under the force majeure clause and terminated its construction contact with Sterling & Wilson Private Limited ("S&W"), the contractor of its data center in India. Pursuant to the termination, S&W made a claim against Bridge Mumbai towards amounts payable for work performed through Termination Date, other costs and losses. In turn, Bridge Mumbai also submitted a claim against S&W towards the refund of cash advance payments previously made, and losses caused by S&W including delay in work performed, defective work, and replacement of contractor. In March 2021, Bridge Mumbai submitted a statement of defense. As of September 30, 2022, both parties had completed the pre-trial formalities and the hearings were still on-going. Based on management's estimation and legal counsel's advice, RMB31,162 (US$4,890) was accrued and recorded in "Others, net" in the consolidated statement of comprehensive loss for the year ended December 31, 2020, and there were no significant changes to such accrual balance as of December 31, 2021 and September 30, 2022.