

NOTICE OF EXTRA ORDINARY GENERAL MEETING
CHAKWLA SPINNING MILLS LIMITED
ADDENDUM TO MATERIAL INFORMATION UNDER SECTIN 134(3) OF THE
COMPANIES ACT

Subsequent to the issuance and circulation of the EOGM notice, material information on special business relevant to change of name and change in object clause of the memorandum by the company under the guidance issued by the Commission in Circular No. 423(l)/2018 dated April 03, 2018 and further in respect of that, we are providing the following information for the better understanding of all members:

Reasons and effects of change of name by the company;	The company has proposed the change of name of company from Chakwal Spinning Mills Limited to proposed name of “Quantum Cloud & AI Technologies Limited” , subject to the availability of name from SECP. The proposed name seems to be in relevance with the proposed change in the object clause of the memorandum as the new proposed name reflects the nature of assumed new business in more accuracy. The subsequent change in the proposed name will reflect more direct investment in relevance to IT Sector with the ultimate objective of shareholder’s growth.
Proposed new name of the company;	Quantum Cloud & AI Technologies Limited
Confirmation that the proposed name is not incommensurate with the principal line of business of the company;	The proposed name is proportional with the new proposed object clause of the memorandum.

<p>If change of name is due to diversification of main business activities or entering a new geography etc. same shall be disclosed.</p>	<p>The proposed change in the name of the company is due to alternation in the object clause of the memorandum.</p>
<p>Existing and proposed principal line of business of the company;</p>	<p>Existing Principal Line of Business; To establish, acquire, run, manage, and operate Textile mills of all or any description or category</p> <p>Proposed Principal Line of Business; The principal line of business of the Company is to provide information technology (IT) and IT enabled services including importing, exporting, selling, purchasing, trading, production, distribution, customization , establishment, development or otherwise deal in all types of applications, programs, software packages, internet programs, software programs, mobile applications, web applications, products, portals, the marketplace, services, applications, web design, cloud based data centers and all other related/allied Services/Products."</p>
<p>Reasons for change in the principal line of business;</p>	<p>The reason for change in the principal line of business is subject to the determined diversification of the company's business by indulgence in the growing IT Sector under the new and improvised initiatives by the Govt.</p>
<p>Benefits likely to accrue to the company and its members from the proposed change;</p>	<p>The purpose of change in the object clause is to widen the scale of company's investment for expansion of existing operational capacity and investment in other profitable sectors.</p>

	Capital Gains are expected to accrue to members.
Financial projections, including, inter alia, project cost for new proposed principal business, sources of funds to cover the project cost, revenues, expenses etc. along with underlying assumptions;	A summary of financial Projections and the project are attached as Annexure A and Annexure B respectively. Further, the new investment avenues will be explored under the streamlined agreements with the relevant dissemination to the general public when matured accordingly.
Impact on existing line of business of the company;	The company shall manage to strengthen its resources base with the new principle of line of IT business and shall benefit to the existing line of business in an appropriate basis with consistency.
Expected time period when proposed change is expected to be implemented	The IT business of the company is expected to commence within the next two months after the completion of statutory requirements as the company has manage all sources. Whereas it is expected that within a period of one-year implementation will be thoroughly integrated.
A statement by the board that the proposed change will not be detrimental to the interest of the company or its members as a whole.	The Board of the company assures that the proposed change will be beneficial in the longer interest of the shareholders and will not be detrimental in any aspect to any member of the company. The said statement of the Board is under the designated authority.

By Order of theBoard

Date: July 31, 2024

Company Secretary

Chakwal Spinning Mills Ltd

Business Plan for Cloud Data Center



Agenda

Market Analysis

Investment

Revenue

Project Feasibility

Key Points:

1. Chakwal Spinning Mills Ltd has decided to change its name into Quantum Cloud & AI Technologies Ltd. Pakistan's first multi cloud company with partnership of top global players, will be Quantum Cloud & AI Technologies Ltd (QCA.AI).
2. This company will establish data centre / cloud in Pakistan for first time in country's history with agreements with Huawei, Dell, Microsoft, Amazon and Google Cloud.
3. Current size of cloud business is around 800M USD in Pakistan. Out of which, only small portion of 50M USD is being managed within Pakistan through PTC / JAZZ (using VMWare) and small local executors.
4. There is a huge gap of 750M USD business and no multinational exists in Pakistan to do so.
5. Under new SIFC policy, country's all data should be present in Pakistan so called National Cloud Policy.
6. Quantum Cloud will have top cloud experts and multinationals on board to launch this through a listed company which will be a pioneer in this business line.

Understanding Pakistan's Cloud Journey to Date :

To date, Pakistan's journey to cloud adoption has been largely ad-hoc and siloed. Consequently, the country has not been able to capture the broad-based digitisation that is associated with cloud in other economies. Prior to the PCFP, major regulatory developments in the cloud space were as follows:

2020: State Bank of Pakistan (SBP) issued a circular allowing financial institutions to use cloud-based solutions provided by local and international CSPs for non-core business functions.

2021: Securities and Exchange Commission of Pakistan (SECP) issued a draft of Cloud Adoption Guidelines for Incorporated Companies that offered instructions to businesses on adopting cloud technology.

Understanding Pakistan's Cloud Journey to Date :

In February 2022, the federal cabinet approved the Pakistan Cloud First Policy requiring all federal level public service entities to prioritise public cloud for future technology infrastructure.

- The shift from on-premise infrastructure to public cloud can play a catalytic role in Pakistan's digital transformation by optimizing technology spending; increasing scalability; facilitating flexibility, innovation, and collaboration; increasing resilience and cybersecurity; and ensuring compatibility with emerging technologies.
- To enable an effective and sustainable transition of the public sector to a truly cloud environment, a robust planning, implementation, and change management suite of enabling measures should be instituted. The measures span specific interventions focusing on people (skill development), process (technology procurement and policy implementation), and product (cloud offerings).

Quantum Cloud – the **only Multicloud** in Pakistan

1- Dell and EMC (Phase 1)



2- Huawei (Phase 1)

3- Microsoft Azure (Phase 1)



SANGFOR



4- Sangfor Technologies (Phase 1)

5- Oracle (Phase 1)

6- Alibaba (Phase 2)



7- AWS (Phase 2)

Alibaba Cloud

8- Google (Phase 2)

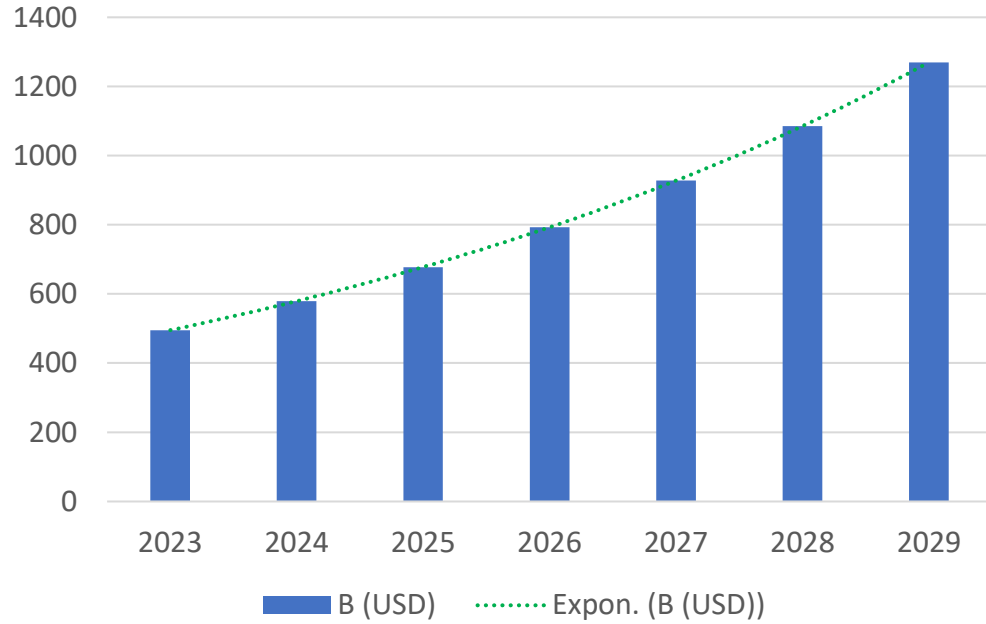


*Phase 1 will be completed in August 2024

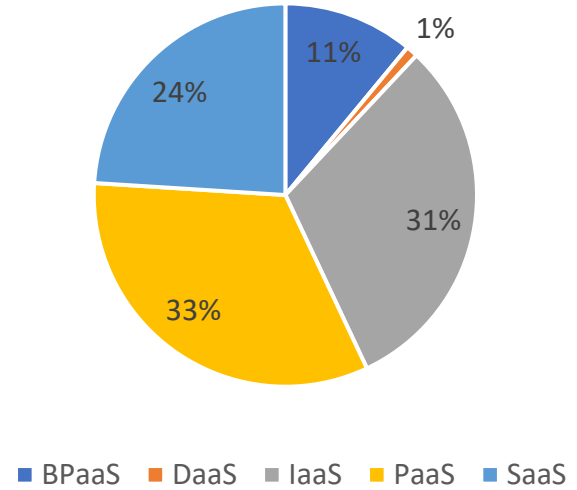
*Phase 2 will be completed by October 2024

Global Cloud Market Size

Global Cloud Market Appx. 17% CAGR



% Share of Cloud Services

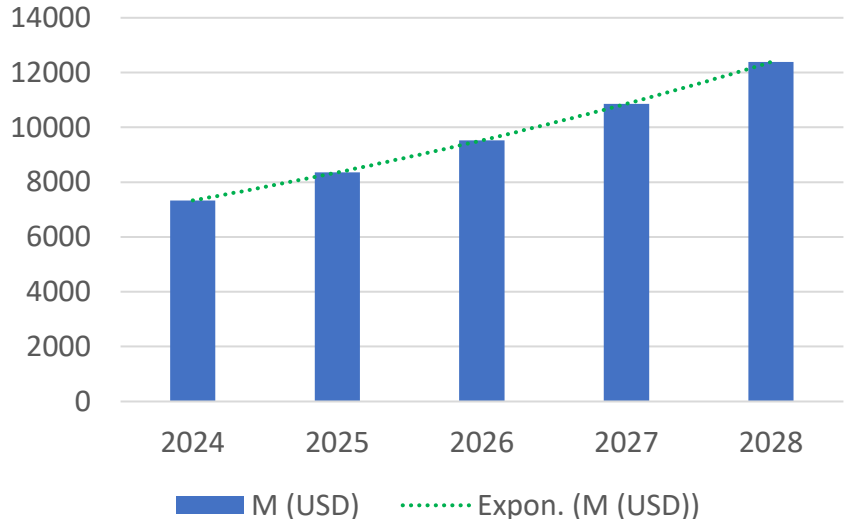


Key Offerings:

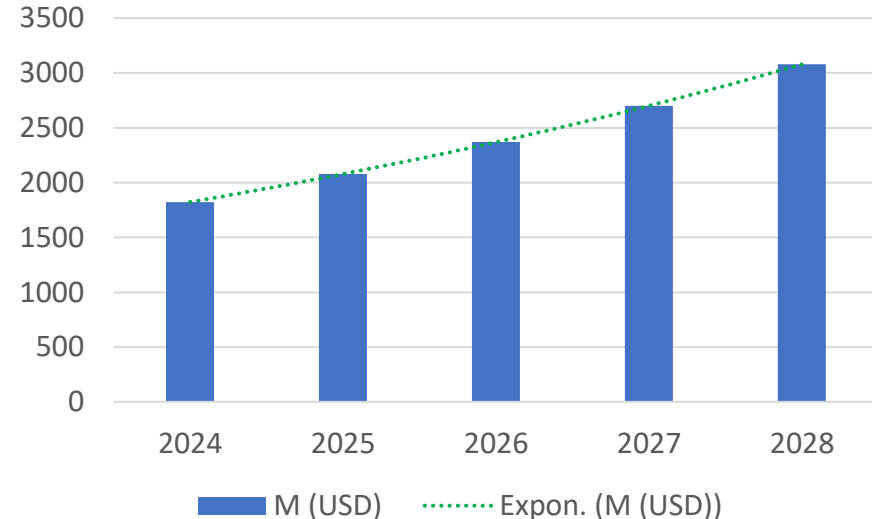
- Platform as a Service
- Software as a Service
- Infrastructure as a Service

Regional Cloud Market Size – Major Economies (ASEAN)

Singapore - 14% CAGR

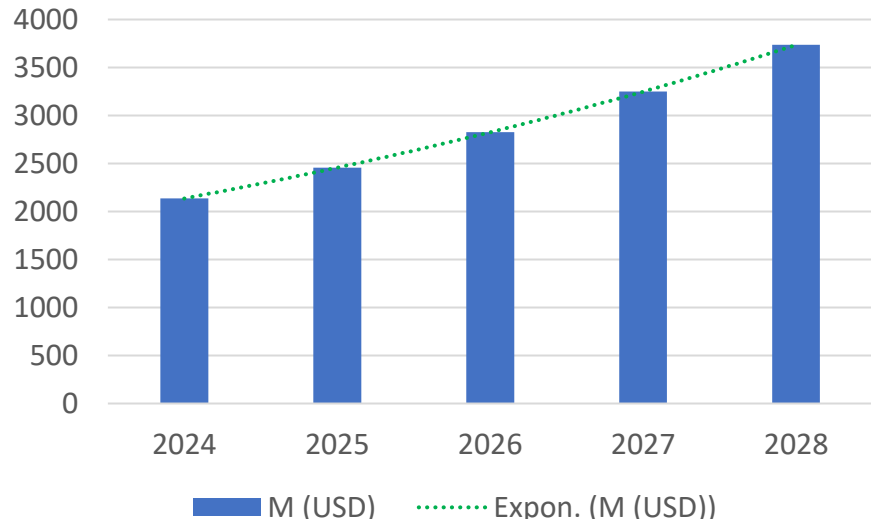


Malaysia - 14% CAGR



IaaS is leading Cloud offering in all Three Regions

Indonesia - 15% CAGR



Pakistan Cloud Market - Commercial

- TAM for Cloud Market of Pakistan (2025 – 2028) : + 1000M USD

	2025	2026	2027	2028
Business Process as a Service	99.15	105.7	112.4	118.6
Desktop as a Service	4.39	4.94	5.46	5.94
Infrastructure as a Service	253.9	296.1	336	376.1
Platform as a service	259.4	304.3	356.8	416.5
Software as a Service	198.6	219.3	242.6	267.9
Total (M USD)	815.44	930.34	1053.26	1185.04

Information Based on:

- Third Party
- Industry Estimates
- Customer Demand
- International Competition Information

Pakistan Market - Government



Digital Pakistan Policy

- Digital Pakistan policy though first introduced in 2018, still forms the basis of the digital journey direction of the country.
- The projects under the policy may see different priorities however the general direction under the following domains where PTCL can add value will remain same:
 1. Access & Connectivity
 2. Digital infrastructure
 3. E-Government
 4. Digital Skills & Training



Cloud First Policy

- Prioritization of cloud-based systems/solutions when updating or procuring IT services for government organizations
- Classification of data into five categories – open data, public data, restricted data, confidential data, and secret data – supplemented with recommended deployment models for each data type as shown in the industry segment use cases shown in slides ahead.

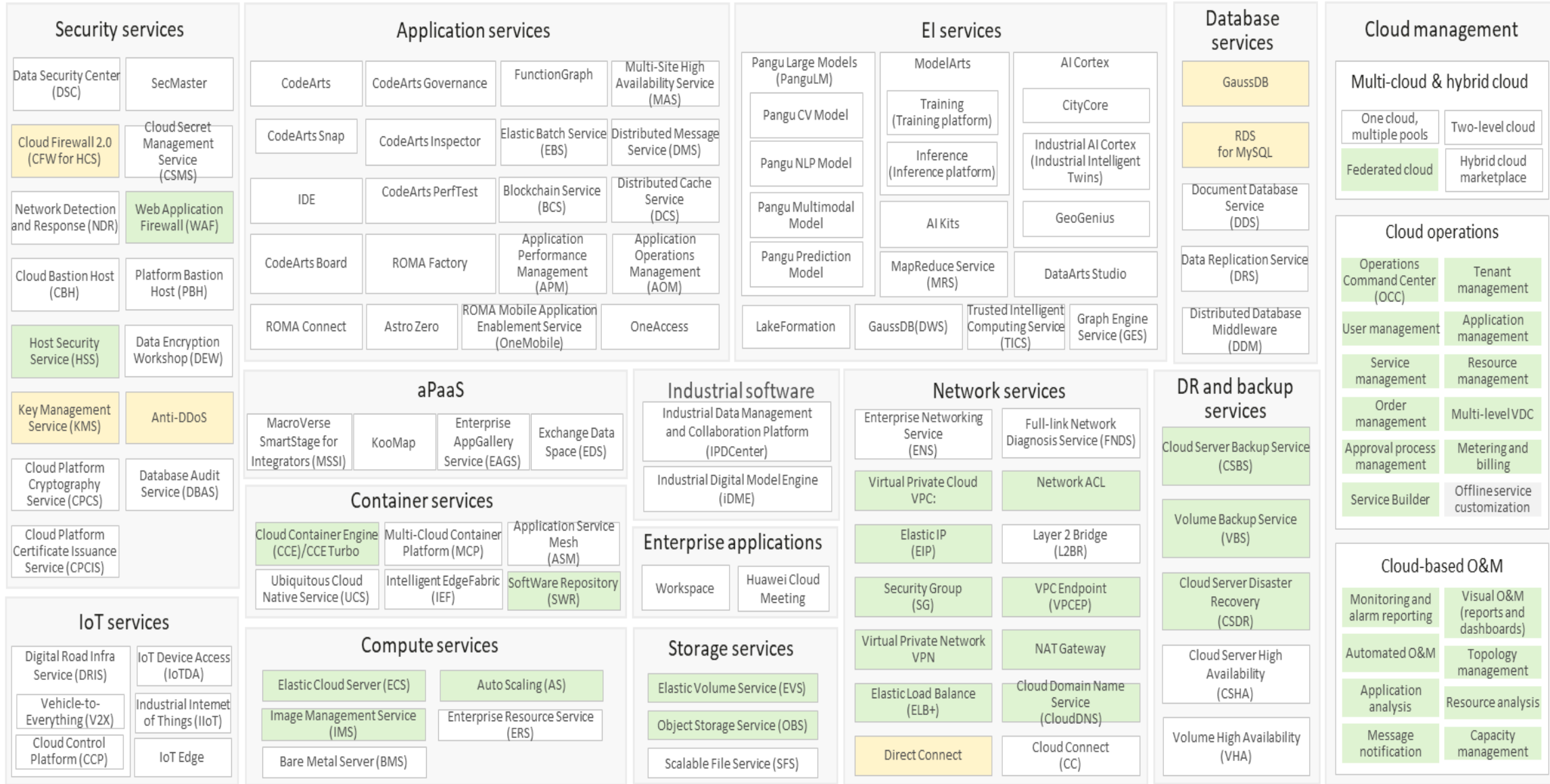


Draft AI Policy

- While only the draft AI policy has been released as of 2023, the expected use cases of AI are expected to heavily rely on cloud computing and will bring in additional revenue from organizations looking to deploy LLM models and AI algorithms for use cases across industries.

Government Services: 200 M USD+

AI Enabled Services Based Data Center



PROJECTIONS OF THE PROJECT

(Annexure 'A')

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
	(In Million Rs)				
Revenue	10,080	16,800	20,160	33,600	44,800
Direct Variable Cost	(6,300)	(10,500)	(12,600)	(21,000)	(28,000)
Direct Fixed Cost	(1,400)	(1,400)	(1,400)	(1,400)	(1,400)
	(7,700)	(11,900)	(14,000)	(22,400)	(29,400)
GP	2,380	4,900	6,160	11,200	15,400
General Admin. & Selling	(504)	(840)	(1,008)	(1,680)	(2,240)
Profit before tax	1,876	4,060	5,152	9,520	13,160
Provision for Taxation	(544)	(1,177)	(1,494)	(2,761)	(3,816)
Net Profit	1,332	2,883	3,658	6,759	9,344

ASSUMPTIONS:

a)	US \$ Rate	PKR	280					
b)	Installed Capacity (No. of Racks)		200					
c)	Capacity Utilization (No. of Racks)							
				Year 1	Year 2	Year 3	Year 4	Year 5
				45	75	90	150	200
d)	Revenue Per Rack Per Annum	US \$	800,000					
e)	Direct Variable Costs Per Rack Per	US \$	500,000					
f)	Direct Fixed Costs Per Annum	US \$	5,000,000					
g)	Administration & Selling Expenses	5%	of Revenue					
g)	Taxation		29% of Profit					

Thank You

Annexure-B

SUMMARY OF THE PROJECT:

Implementing Entity	Quantum Cloud & AI Technologies Limited
Project Title	Establishment of 200 racks facility as a first Cloud Data Centre
Duration	Within one year
Total Investment Size	CAPEX US \$ 15 M (over a period of five years) i.e. PKR 4,200 Million

Overall goal The Company is repositioning itself into the technology business. As a first step, we have plans to establish 200 racks facility as a first Cloud Data Centre. At a later stage, we have plans to expand the existing capacity/establish new Cloud Data Centers.

Sources of Funds:

The management is actively considering different options for raising funds for this project namely equity, loans, supplier's credit, leasing etc. The shareholders shall be informed of once financing arrangements are completed.

RISK FACTORS:

- a) Risk of unavailability of required financing;
- b) Increased regional competition;
- c) Frequent changes in policies/regulations by Government of Pakistan;
- d) Possibility of new entrants into Cloud Data Centers' business.

DISCLAIMER:

The success of the project depends upon many factors some of which may be under the control of the management, but many others rely on the markets (national and international) and general business environment. The management of the Company has made these projections on the best estimate basis. However, actual results and outcome may be different due to changed market and business environment and factors beyond the control and anticipation of the management.