

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**TI Cloud Inc.**  
**天润云股份有限公司**

(incorporated in the Cayman Islands with limited liability)  
**(Stock Code: 2167)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2023**

The board (the “**Board**”) of directors (the “**Directors**”) of TI Cloud Inc. (the “**Company**” or “**TI Cloud**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries and consolidated affiliated entities (collectively, the “**Group**”) for the year ended December 31, 2023 (the “**Reporting Period**”), together with the comparative figures for the same period of 2022. These annual results have been audited by the Company’s auditor and reviewed by the audit committee of the Company (the “**Audit Committee**”).

In this announcement, “**we**”, “**us**”, and “**our**” refer to the Company (as defined above) and where the context otherwise requires, the Group (as defined above).

**FINANCIAL HIGHLIGHTS**

	<b>Year ended December 31,</b>		<b>Year-on-year change</b>
	<b>2023</b>	<b>2022</b>	
	<b>RMB’ in thousands, except percentages</b>	<b>RMB’ in thousands, except percentages (Restated)</b>	
Revenue	<b>446,846</b>	383,244	16.6%
Revenue (SaaS solutions)	<b>413,419</b>	350,942	17.8%
Gross profit	<b>214,776</b>	184,943	16.1%
Gross profit margin	<b>48.1%</b>	48.3%	–
Loss for the year	<b>(8,631)</b>	(7,511)	16.7%
Adjusted net (loss)/profit (a non-IFRS measure)*	<b>(2,354)</b>	3,982	(159.1%)

\* We define adjusted net loss (a non-IFRS measure) as net loss for the period adjusted by adding back share-based compensation, amortization of intangible assets in relation to the Acquisition (as defined below) and one-off listing expenses as a result of the listing of the Group on the Main Board of the Stock Exchange in June 2022 (being RMB6.3 million for the year ended December 31, 2023 and RMB11.4 million for the year ended December 31, 2022, respectively). Shareholders and potential investors of the Company should note that the adjusted net loss is not a measure required by, or presented in accordance with, the International Financial Reporting Standards (the “**IFRSs**”).

The Board did not recommend the distribution of a final dividend for the year ended December 31, 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

In 2023, our revenue increased by 16.6% from RMB383.2 million in 2022 to RMB446.8 million in 2023, primarily due to the increase in revenue generated from SaaS solutions, and rapid expansion of our AI-related products portfolio.

As a life-cycle AI-driven cloud platform for customer contact solutions, we independently developed and achieved the deep integration of “AI, Cloud and Communication” technologies. The technological revolution of artificial intelligence generated content (“AIGC”) has brought new development opportunities for customer contact industry. In March 2023, we launched the innovative Weiteng Large Language Model Platform (微藤大語言模型)(“**Weiteng LLMP**”). Weiteng LLMP integrates intelligence into the process of customer contact solutions and focus on enterprise knowledge engineering to promote growth. Later, in August 2023, we introduced version 2.0 of Weiteng LLMP, significantly enhancing the competitiveness of our SaaS products and becoming a key driver for our business growth in 2023. During the Reporting Period, Weiteng LLMP has been successfully implemented in multiple application scenarios, ranging from manufacturing, consumer retail to corporate services, and has helped enterprises complete the transformation and upgrading of business processes. With deep integration of “AI, Cloud and Communication” technologies, we use AI to empower every aspect of customer contact, such as market launch, customer consultation, lead retention, sales signing and conversion, customers tracking, which has helped enterprises achieve the integrated transformation of marketing, sales, and services, and improve marketing conversion rate and performance growth. At the World Artificial Intelligence Conference held in July 2023 (“**WAIC 2023**”), we were selected into the “China AIGC Business Potential Research Report” released by Equal Ocean with our large language model solutions for vertical industries. Based on our business practices in the field of large language models, we were named as the “The Most Noteworthy AIGC Company in 2023” at the CYZONE AIGC Technology Application Conference in August 2023. Additionally, we were selected into the “First New Voice” 2023 China AIGC Innovative Enterprise Comprehensive List Top 30 in November 2023, and the “2023 List of the Most Commercial Potential in China’s AIGC Technology Application Fields” by “Jiazi Guangnian” in December 2023.

We are committed to our mission of “making customer contact a better experience, with improved efficiency,” and concentrated on providing cloud-native, secure and reliable customer contact solutions for our clients. We have built a broad, high-quality and loyal client base across diverse industries, including technology, insurance, automobile, education, medical healthcare, consumer goods, and manufacturing, among others. In 2023, we served a total number of 4,675 SaaS clients, increasing by 52.2% from 3,071 in 2022. We strive to cultivate long-term relationships with our clients and evaluate our performance using client retention rate (calculated as the percentage of our existing clients in the immediately preceding period who remain our clients in the current period) and dollar-based net retention rate (calculated by (i) first identifying the clients who subscribed to our solutions in both the benchmark period and the period before and (ii) then using the total revenue attributable to the identified clients in the benchmark period as the numerator and the total revenue attributable to the same group of clients in the preceding period as the denominator) on a regular basis. In 2023, our SaaS client retention rate and dollar-based net retention rate for all SaaS clients was 74.8% and 104.4%, respectively, compared to 76.1% and 92.9% in 2022. Leveraging on our robust technology capabilities and professional products and services, we won the “2023 CEIA China Enterprise IT Awards” for “Best Customer Service SaaS Provider.”

Technology is at the heart of our solutions. We built a strong research and development team of 269 employees as of December 31, 2023, representing 45.7% of our total workforce, increasing by 19.6% from 225 as of December 31, 2022. In 2023, we maintained rapid product iteration and rolled out releases approximately on a weekly basis, at the same time achieving 99.99% uptime (calculated as the percentage of time our system is available and operational for a client in a given month). Our platform has been operating free from overall system failures for more than 54 months.

While maintaining steady growth in domestic business, we have begun to extensively expand our international business by leveraging our European cloud platform center in Frankfurt and our Asian cloud platform center in Singapore.

## **BUSINESS OVERVIEW**

We offer a broad array of cloud-native customer contact solutions, which are communication solutions that enable enterprises to engage in multi-channel customer interactions. Our solutions, rooted in our cloud-native, secure and reliable platform, empower businesses to create exceptional customer communication experience and intelligize their way of conducting sales, marketing, customer service and other business functions.

Our cloud-based solutions, developed in-house by our research and development team, primarily consist of three offerings, serving a broad range of use cases:

- *Intelligent Contact Center Solutions.* Designed to replace legacy on-premise systems, our Intelligent Contact Center Solutions help businesses migrate their contact center functions to the cloud, including omnichannel customer service, call center, and smart work orders, and other products.
- *Agile Agent Solutions.* Our Agile Agent Solutions are designed to facilitate customer contact activities outside physical contact centers, which are unserved by pureplay contact center solutions.
- *ContactBot Solutions.* Our ContactBot Solutions utilize practical AI applications to automate routine and repetitive duties traditionally handled by clients' human agents.

We deliver solutions with large capacity and high availability in Software as a Service (SaaS) model and Virtual Private Cloud (VPC) model. Our three types of solutions may be deployed via either the SaaS model or the VPC model:

### **SaaS model**

Using the cloud-native customer contact services delivered via our SaaS model, our customers can create their own customer contact functions without any upfront investment in software or hardware. Services delivered through the SaaS model are deployed in the public cloud, which allows our customers to flexibly adjust the number of agent seats based on their changing business needs. We provide our SaaS model through recurring subscription.

## **VPC model**

We also deliver our solutions in virtual private clouds (VPC), which, as a special category of public cloud, are isolated private clouds hosted within a public cloud environment and accessed exclusively by one user. Leveraging our extensive industry know-how and deep understanding of industry trends, we help enterprises with stringent security requirements, primarily large state-owned enterprises and multinational companies, deploy highly customizable solutions on the cloud computing platform of their choice. In the deployment process, we provide customization services to tailor-make customer contact functionalities in virtual private clouds for our VPC clients. VPC model is project-based and the fee for each contract varies significantly depending on the requirements specification and level of customization needed.

## **Other Services and Product Sales**

We also generate revenue from other services and product sales, which consist of provision of services and the sale of ancillary products, primarily telecommunications equipment, to our customer contact solutions to satisfy certain ad hoc request from our existing clients.

## **Our Offerings**

We offer three types of customer contact solutions to empower our clients in a variety of business scenarios, namely Intelligent Contact Center Solutions, Agile Agent Solutions and ContactBot Solutions.

### ***Intelligent Contact Center Solutions***

Our Intelligent Contact Center Solutions help businesses migrate their contact center functions to the cloud. The solutions allow contact center agents hired by our clients and seated in physical contact centers to efficiently interact with clients across multiple channels using desktops. We support contact center agents with intelligent tools and functions to drive efficient and effective customer interactions. Our Intelligent Contact Center Solutions are popular among businesses who want to digitalize their sales, marketing, customer service and other business functions.

In 2023, the Group has comprehensively upgraded our Intelligent Contact Center Solutions by conducting AI native transformation through Weiteng LLMP on multiple products covering omnichannel customer service, call center, and smart work orders. Specifically, with the empowerment of AI capabilities, we have achieved significant advancement on the agent side:

- Efficient assistance based on human-machine collaboration (“copilot”)
  - (i) Intelligently extract conversation records with customers during the interactions, and automatically generate business records, so as to improve communication efficiency;
  - (ii) Optimize the preliminary response with one click through the Weiteng LLMP, making the agent’s expression more professional and approachable during the interaction;
  - (iii) By monitoring and identifying customer emotions in real time, the agents can promptly switch communication strategies based on customers’ emotional states to improve service quality;

- (iv) Automatically analyze conversation intent to aid in the search and provision of matched recommended responses, ensuring agents address customer queries without delays; and
  - (v) Rapidly generate a summary of the conversation after the call and intelligently fill it in the business record or create a work order to facilitate subsequent follow-ups.
- In depth data insights based on conversation analysis
    - (i) Analyze agents' speech techniques, automatically extract excellent communication practices from well-executed conversations, and create a set of gold-standard scripts;
    - (ii) Intelligently identify customer issues in historical conversations and conduct text clustering and refining analysis;
    - (iii) Analyze customer expressions during calls to distill their views, creating a deeper connection with their sentiments during calls; and
    - (iv) Significantly improve quality assessment efficiency, by generating an agent competency model and making precise recommendations, base on the scores of multiple indicators such as service efficiency, problem-solving skill, professional level, service attitude, and communication skills.

### ***Agile Agent Solutions***

Our Agile Agent Solutions, designed as a mobile application, empower clients' employees other than contact center agents (such as car salespersons, retail store assistants and after-school program tutors) to contact customers at any time in any location. It enables businesses to track and manage each interaction, which significantly increases visibility of business activities and uses data-based analytics to support decision-making. Our Agile Agent Solutions, readily accessible via our proprietary mobile app, enable salespersons to create and convert sales leads on a unified platform when they are on the go and empower businesses to conveniently track and evaluate sales activities.

### ***ContactBot Solutions***

Our ContactBot Solutions utilize practical AI applications to automate routine and repetitive duties traditionally handled by clients' human agents. With real-time automatic speech recognition ("ASR") and natural language processing ("NLP") capabilities, our ContactBot is able to engage in multimodal intelligent interactions. Clients can use both text-based and voice-based intelligent virtual agents which are trained to fit their business needs. Our text-based ContactBot ("**TextBot**") is developed using advanced machine learning techniques, including deep learning and BERT model. Our voice-based ContactBot ("**VoiceBot**") is designed to engage in multi-round dialogues with human-like voice and can guide the conversation and answer customers' questions fluently.

In 2023, with the integration of Weiteng LLMP, the Group has improved the deployment efficiency and customer experience of TextBot and VoiceBot. In particular, we have advanced ContactBot Solutions in the following aspects:

- **Intelligent Expansion of Corpus:** Relying on Weiteng’s LLM and years of knowledge accumulation in vertical industries, quickly enrich the robot’s corpus in the cold start stage.
- **FAQ Extraction:** In the startup phase, identify know-how from the documents in diverse formats and quickly extract FAQs into the database.
- **Document-based Q&A:** Import various corporate documents with one click to build a knowledge base, quickly locate relevant content within documents through large models, and summarize and generate answers.
- **Knowledge Base Health Check:** Identify and correct defects in the knowledge base to ensure its quality.
- **Unique Customer Experience:** Contactbot automatically adopts targeted communication strategies based on different customer profiles.

## **BUSINESS OUTLOOK**

We are well-positioned as a life-cycle AI-driven cloud platform for customer contact solutions. We will continue to implement the following strategies to capture growing market opportunities and further strengthen our market leading position:

- Continue to maintain our leadership in technology by focusing on the deep integration of “AI, Cloud and Communication” technologies. Actively explore the latest AIGC technology both domestically and internationally, deepen our layout in intelligent customer service, ContactBot and other aspects and continue to implement the application upgrade of “AI+ customer contact solutions”. With the growing demand by enterprise clients for intelligent, efficient and comprehensive customer contact solutions to satisfy their needs for seamless user experiences and the development of the latest AIGC technology, we anticipate that a broad range of usage scenarios will become automated, further enhancing the commercial value of customer contact solutions;
- Continue to optimize and expand the portfolio of solutions to provide better products and service experience for corporate clients. Through this approach, we aim to achieve sustained and healthy growth of SaaS subscribers, increase user engagement and record a high net retention amount. We have successfully built three product innovation and R&D centers in Beijing, Nanjing and Chengdu. Looking ahead to 2024, our focus is to further improve the R&D efficiency in the Group’s overall customer contact solution products;
- Effectively strengthen our sales and marketing capabilities. As we continued to build our sales and marketing team in the years of 2021, 2022 and 2023, we have basically completed the sales coverage of the major areas with high development potential in China. In the future, we will continue to expand our coverage in Bohai Rim, East China, Pearl River Delta and Chengdu-Chongqing regions to enhance our sales capabilities outside of tier-1 cities and scale up our presence in a cost-effective manner; and

- Selectively pursue strategic acquisitions and investments to expand market position and influence. As Chinese enterprises are increasingly willing to migrate to the cloud, we believe there is a high demand to replace traditional on-premise systems with intelligent customer contact solutions. Although we face increasing competition in the customer contact solutions market, we will continue to develop our robust technological capabilities, go-to-market strategies, and expand our broad and high-quality client base to improve our competitiveness in the industry.

With the rise of ChatGPT-based artificial intelligence dialogue robots and large-scale model technology, the customer contact industry has ushered in new development opportunities and technological revolutions. We believe the industry will focus on reinventing current solutions using AI-native transformations. As the foundation of our AI-native strategy, Weiteng LLMP uses enterprise knowledge management as a breakthrough. It empowers the intelligence of various processes such as marketing, sales, and services by solidifying the knowledge base of enterprises. In particular, Weiteng LLMP provides efficient assistance to the entire process of customer contact, enabling “human-machine integration” to enhance productivity through business scenarios such as customer service reception, conversation analysis and extraction, and automatic form filling. At the same time, Weiteng LLMP can allow businesses to understand customer needs and expectations more accurately through in-depth analysis and insight into a large volume of data. This helps clients optimize their marketing strategies, product design, and customer service and drive rapid business growth with knowledge.

## FINANCIAL REVIEW

### Revenue

Our revenue increased by 16.6% from RMB383.2 million in 2022 to RMB446.8 million in 2023, primarily due to a significant increase in the revenue from SaaS solutions, partially offset by sales of other services and products.

### Revenue by businesses

In 2023, we derived our revenue from providing (i) SaaS solutions, (ii) VPC solutions and (iii) other services and product sales. The following table sets forth a breakdown of our revenue by businesses for the periods indicated.

	For the Year Ended December 31,				Year-on-Year change
	2023		2022		
	<i>RMB'000</i>	<i>Percentage of total</i>	<i>RMB'000</i>	<i>Percentage of total</i>	
SaaS solutions	413,419	92.5%	350,942	91.6%	17.8%
Intelligent Contact Center Solutions	357,668	80.0%	304,513	79.4%	17.5%
Agile Agent Solutions	40,732	9.1%	37,791	9.9%	7.8%
ContactBot Solutions	15,019	3.4%	8,638	2.3%	73.9%
VPC solutions	27,755	6.2%	23,971	6.2%	15.8%
Other services and product sales	5,672	1.3%	8,331	2.2%	-31.9%
Total	<u>446,846</u>	<u>100%</u>	<u>383,244</u>	<u>100%</u>	<u>16.6%</u>

In 2023, we generated a revenue of RMB413.4 million from the SaaS model, representing an increase by 17.8% from RMB350.9 million in 2022. In the same period, we served a total number of 4,675 clients under the SaaS model, increasing by 52.2% from 3,071 in 2022. In the same period, our SaaS clients on average subscribed for 133,126 agent seats per month, increasing by 0.7% from 132,235 in 2022 primarily due to our overall business growth.

In 2023, we generated a revenue of RMB27.8 million from the VPC model among which RMB22.3 million were derived from our Intelligent Contact Center Solutions and RMB5.5 million were derived from our Agile Agent Solutions, representing an increase by 15.8% from RMB24.0 million in 2022. In the same period, we served 89 VPC clients, increasing from 23 in 2022. The increase was primarily contributed by clients acquired from our acquisitions.

### Cost of sales

Our cost of sales increased by 17.0% from RMB198.3 million in 2022 to RMB232.1 million in 2023. The increase was mainly driven by the increase of our revenue for the same period.

The following table sets forth our cost of sales by nature both in absolute amount and as a percentage of our total cost of sales for the periods indicated.

	For the Year Ended December 31,				Year-on-Year change
	2023		2022		
	<i>RMB'000</i>	<i>Percentage of total</i>	<i>RMB'000</i>	<i>Percentage of total</i>	
<b>Cost of Sales:</b>					
Cost of services provided	<b>231,252</b>	<b>99.6%</b>	196,281	99.0%	17.8%
Telecommunication infrastructure expenses	<b>196,864</b>	<b>84.7%</b>	167,556	84.5%	17.5%
Cloud infrastructure expenses	<b>16,433</b>	<b>7.1%</b>	11,970	6.0%	37.3%
Internet data center lease expenses	<b>3,722</b>	<b>1.6%</b>	4,296	2.2%	(13.4%)
Depreciation expenses	<b>203</b>	<b>0.1%</b>	300	0.2%	(32.3%)
Employee benefit expenses	<b>8,301</b>	<b>3.6%</b>	4,787	2.4%	73.4%
Subcontract fee	<b>5,601</b>	<b>2.4%</b>	7,237	3.6%	(22.6%)
Others	<b>128</b>	<b>0.1%</b>	135	0.1%	(5.2%)
Cost of products sold	<b>818</b>	<b>0.4%</b>	2,020	1.0%	(59.5%)
Total	<b>232,070</b>	<b>100%</b>	198,301	100%	17.0%

The following table sets forth our cost of sales by businesses both in absolute amount and as a percentage of our total revenue for the periods indicated.

	For the Year Ended December 31, 2023		2022		Year-on- Year change
	<i>RMB'000</i>	<i>Percentage of total</i>	<i>RMB'000</i>	<i>Percentage of total</i>	
<b>Cost of Sales:</b>					
SaaS solutions	214,783	48.1%	180,967	47.2%	18.7%
VPC solutions	14,030	3.1%	12,159	3.2%	15.4%
Other services and product sales	3,257	0.7%	5,175	1.3%	(37.1%)
Total	<u>232,070</u>	<u>51.9%</u>	<u>198,301</u>	<u>51.7%</u>	<u>17.0%</u>

### Gross profit and gross profit margin

As a result of the foregoing, we recorded (i) a gross profit of RMB184.9 million and RMB214.8 million in 2022 and 2023, respectively, and (ii) a gross profit margin of 48.3% and 48.1% in 2022 and 2023, respectively. The increase in the gross profit was primarily due to the implementation of more effective cost control measures in relation to the major cost items of our SaaS solutions.

The following table sets forth a breakdown of our gross profit and gross profit margin by businesses for the periods indicated.

	For the Year Ended December 31, 2023		2022	
	<i>Gross profit RMB'000</i>	<i>Gross profit margin</i>	<i>Gross profit RMB'000</i>	<i>Gross profit margin</i>
<b>Gross profit and gross profit margin:</b>				
SaaS solutions	198,636	48.0%	169,975	48.4%
VPC solutions	13,725	49.5%	11,812	49.3%
Other services and product sales	2,415	42.6%	3,156	37.9%
Total	<u>214,776</u>	<u>48.1%</u>	<u>184,943</u>	<u>48.3%</u>

### Other income and gains

Our other income and gains decreased by 12.3% from a gain of RMB18.0 million in 2022 to a gain of RMB15.7 million in 2023, primarily due to the reduced government grant, partly offset by the increased bank interest income.

The following table sets forth a breakdown of the components of our other income and gains in absolute amount and as a percentage of our total other income and gains for the periods indicated.

	For the Year Ended December 31,		2022	
	2023	Percentage	RMB'000	Percentage
	<i>RMB'000</i>	<i>of total</i>		<i>of total</i>
<b>Other Income:</b>				
Bank interest income	7,464	47.4%	3,480	19.4%
Investment income from financial investments at amortised cost	562	3.6%	153	0.8%
Investment income from financial investments at fair value through profit or loss	1,102	7.0%	2,078	11.6%
Government grant	5,939	37.7%	11,701	65.2%
Others	–	–	40	0.2%
<b>Gains:</b>				
Fair value gains on financial investments at fair value through profit or loss	87	0.6%	506	2.8%
Foreign exchange gains, net	588	3.7%	–	–
Gain on early termination of a lease	–	–	2	–
<b>Total</b>	<b>15,742</b>	<b>100%</b>	<b>17,960</b>	<b>100%</b>

### Selling and distribution expenses

Our selling and distribution expenses increased by 23.6% from RMB89.1 million in 2022 to RMB110.1 million in 2023. The increase was primarily due to an increase in employee benefit expenses as a result of an increase in sales and marketing staff headcount from 152 as of December 31, 2022 to 173 as of December 31, 2023.

### Administrative expenses

Our administrative expenses decreased by 14.7% from RMB36.0 million in 2022 to RMB30.7 million in 2023, primarily due to a decrease in professional service fees.

### Research and development expenses

Our research and development expenses increased by 16.7% from RMB78.6 million in 2022 to RMB91.8 million in 2023, primarily attributable to an increase in employee benefit expenses as a result of an increase in our research and development headcount from 225 as of December 31, 2022 to 269 as of December 31, 2023.

The following table sets forth a breakdown of the major components of our research and development expenses both in absolute amount and as a percentage of revenue for the periods indicated.

	<b>For the Year Ended December 31,</b>			
	<b>2023</b>		<b>2022</b>	
	<i>RMB'000</i>	<i>Percentage of total</i>	<i>RMB'000</i>	<i>Percentage of total</i>
<b>Research and Development Expenses:</b>				
Employee benefit expenses	<b>83,971</b>	<b>18.8%</b>	71,525	18.7%
Depreciation of property, plant and equipment	<b>492</b>	<b>0.1%</b>	452	0.1%
Amortisation of other intangible assets	<b>1,530</b>	<b>0.3%</b>	555	0.1%
Others	<b>5,801</b>	<b>1.3%</b>	6,107	1.6%
<b>Total</b>	<b>91,794</b>	<b>20.5%</b>	<b>78,639</b>	<b>20.5%</b>

### **Impairment losses on financial and contract assets**

Our impairment losses on financial and contract assets increased by 20.3% from RMB4.7 million in 2022 to RMB5.7 million in 2023, primarily attributable to the increase in the original value of accounts receivable.

### **Other expenses and losses**

We recorded other expenses and losses of RMB726 thousand in 2023, which primarily represented losses on early termination of the lease of our office.

### **Finance cost**

Our finance costs represent interest expenses on our lease liabilities and bank borrowings. Our finance costs amounted to RMB627 thousand and RMB504 thousand in 2022 and 2023, respectively.

### **Loss for the year**

As a result of the foregoing, we generated a loss of RMB7.5 million in 2022 and a loss of RMB8.6 million in 2023. The net loss in 2023 was primarily due to (i) an increase in research and development expenses of 16.7% compared to the same period in the previous year; and (ii) an increase in selling and distribution expenses of 23.6% as compared to the same period in the previous year.

## Adjusted net profit (a non-IFRS measure)

To supplement our audited consolidated results that are presented in accordance with IFRS, we also use adjusted net profit as an additional measure, which is not required by, or presented in accordance with, IFRS. The Board considers that the presentation of adjusted net profit (a non-IFRS measure) would facilitate comparisons of operating performance from period to period and comparisons with other comparable companies with similar business operations by eliminating the potential impact of certain unusual, non-recurring and/or non-operating items. The adjusted net profit is defined as net profit for the period adjusted by adding back share-based compensation, amortization of intangible assets in relation to the Acquisition (as defined below) and one-off listing expenses as a result of the listing of the Group on the Main Board of the Stock Exchange in June 2022. However, the presentation of this non-IFRS measure is not intended to be considered in isolation, or as a substitute for the financial information prepared and presented in accordance with the IFRS.

We recorded an adjusted net loss of RMB2.4 million in 2023, as compared to an adjusted net profit of RMB4.1 million in 2022. The decrease in adjusted net profit was mainly attributable to the increase in research and development expenses and selling and distribution expenses.

The following table reconciles our adjusted net profit for the periods presented to the most directly comparable financial measure calculated and presented under IFRS.

	Year ended December 31,		
	2023	2022	Year-on-
	<i>RMB'000</i>	<i>RMB'000</i>	year change
		<i>(Restated)</i>	
Reconciliation of net profit and adjusted net profit			
<b>Loss for the year</b>	<b>(8,631)</b>	<b>(7,511)</b>	<b>16.7%</b>
Add:			
Share-based compensation	<b>3,872</b>	48	7,966.7%
Amortization of intangible assets in relation to acquisition	<b>2,405</b>	–	–
Listing expenses	–	11,445	–
<b>Adjusted net (loss)/profit</b>	<b><u>(2,354)</u></b>	<b><u>3,982</u></b>	<b><u>(159.1%)</u></b>

## Contract assets

Our contract assets remained stable at RMB4.5 million as of December 31, 2023, as compared to RMB4.5 million as of December 31, 2022.

## Financial investments

Our financial investments increased by 22.5% from RMB40.9 million as of December 31, 2022 to RMB50.1 million as of December 31, 2023, which was primarily due to the increase in the wealth management products we hold.

## Financial Position, Liquidity, Capital Resources and Gearing Ratio

We have adopted a prudent treasury management policy. To manage the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by our senior management to finance our operations and mitigate the effects of fluctuations in cash flows.

In 2023, we funded our cash requirements principally from cash generated from operating activities. Our cash and cash equivalents represent cash and bank balances, which were primarily denominated in RMB. We had cash and cash equivalents of RMB298.1 million as statement of financial position as of December 31, 2023. As of December 31, 2023, our Group did not have any interest-bearing bank and other borrowings. Thus, neither the gearing ratio nor the debt-to-equity ratio was applicable to our Group.

The following table sets forth our cash flows for the periods indicated:

	Year ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash (used in)/generated from operating activities	13,517	(13,066)
Net cash (used in)/generated from investing activities	(25,178)	(207,246)
Net cash (used in)/generated from financing activities	(7,623)	254,079
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	(19,284)	33,767
Cash and cash equivalents at the beginning of the year	188,406	152,545
Effects of foreign exchange rate changes, net	350	2,094
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year as stated in the statement of cash flows</b>	<b>169,472</b>	<b>188,406</b>
	<hr/> <hr/>	<hr/> <hr/>
Non-pledged time deposits with original maturity over three months when acquired	128,603	153,263
<b>Cash and cash equivalents at the end of the year as stated in the statement of financial position</b>	<b>298,075</b>	<b>341,669</b>
	<hr/> <hr/>	<hr/> <hr/>

Going forward, we believe that our liquidity requirements will be satisfied by using a combination of cash generated from operating activities and the net proceeds received from the Global Offering. We currently do not have any other plans for material additional external financing.

### Net Cash Generated from Operating Activities

In 2023, net cash generated from operating activities was RMB13.5 million, which was primarily attributable to adjustments to the following items: (i) non-cash items, which primarily comprised of depreciation of right-of-use assets of RMB8.2 million and impairment of financial and contract assets of RMB5.7 million, and (ii) changes in working capital, which mainly included an increase in contract liabilities of RMB8.9 million and an increase in other payables and accruals of RMB17.6 million.

In 2022, net cash used in operating activities was RMB13.1 million, which was primarily attributable to our loss before tax of RMB7.8 million, as adjusted by (i) non-cash items, which primarily comprised of depreciation of right-of-use assets of RMB7.0 million, impairment of financial assets of RMB4.7 million, interest income of RMB3.5 million and investment income of RMB2.2 million, and (ii) changes in working capital, which primarily comprised of an increase in trade receivables of RMB26.8 million, an increase in trade payables of RMB12.9 million, and an increase in contract costs of RMB10.3 million.

### **Net Cash Used in Investing Activities**

In 2023, net cash used in investing activities was RMB25.2 million, which was primarily attributable to payments of RMB53.7 million for subsidiary acquisition and business acquisition, payments of RMB241.0 million for purchases of financial investments at fair value through profit or loss, which were partially offset by proceeds of RMB271.9 million from disposal of financial investments at fair value through profit or loss.

In 2022, net cash used in investing activities was RMB207.2 million, which was primarily attributable to payments of RMB493.7 million for purchases of financial investments at fair value through profit or loss, which were partially offset by proceeds of RMB501.8 million from disposal/maturity of financial investments at fair value through profit or loss.

### **Net Cash Used in Financing Activities**

In 2023, net cash used in financing activities was RMB7.6 million, which was attributable to payments of lease principal.

In 2022, net cash generated from financing activities was RMB254.1 million, which was primarily attributable to net proceeds of RMB252.1 million from issue of shares and decrease in pledged time deposits for borrowings of RMB21.0 million, partially offset by repayment of borrowings of RMB11.0 million.

### **Significant Investments**

During the year ended December 31, 2023, the Group did not make or hold any significant investments.

### **Future Plans for Material Investments and Capital Assets**

Save as disclosed in this announcement, as of December 31, 2023, we did not have other plans for material investments and capital assets.

### **Material Acquisitions and/or Disposals of Subsidiaries and Affiliated Companies**

On December 15, 2022 (after trading hours), TI Cloud (HK) Limited (the “**Purchaser**”) (a wholly-owned subsidiary of the Company), the Company, Beijing T&I Net Communication Co., Ltd. (北京天潤融通科技股份有限公司), Agora Inc., Beijing Yisimobo Network Technology Co., Ltd. (北京億思摩博網絡科技有限公司), Beijing Yizhang Yunfeng Technology Co., Ltd. (北京易掌雲峰科技有限公司) (the “**Target Company**”) and AKKO NET LIMITED (the “**Vendor**”) entered into an equity transfer agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the entire equity interest in the Target Company at an initial consideration of approximately US\$14.6 million (approximately HK\$113.7 million)

(the “**Acquisition**”), subject to the adjustment. The initial consideration was determined after arm’s length negotiation, having considered the consideration paid by the Vendor at the time of its acquisition of the Target Company in 2021, the prevailing market pricing for SaaS business, the revenue generated from the Target Company, the business prospects and the synergy effect brought by the Target Company to the Group. Upon completion of the Acquisition that took place on February 1, 2023, the Target Company became an indirect wholly-owned subsidiary of the Company.

For details of the Acquisition, please refer to the announcement of the Company dated December 15, 2022.

Save for the Acquisition disclosed above, we did not have any material acquisitions and/or disposals of subsidiaries and affiliated companies for the year ended December 31, 2023.

### **Environmental, Social and Governance**

We are committed to promoting corporate social responsibility and sustainable development and integrating it into all major aspects of our business operations.

While our business operations do not produce pollutants that directly affect the environment, we have implemented internal policies to reduce our environmental impact and carbon footprint, such as sending daily energy-saving reminders to employees, which urge them to turn off indoor lights, electronic equipment and air conditioning in time after leaving the meeting room and before getting off work; imposing temperature controls for air conditioning; and setting up a wastebasket to recycle paper that can be reused (such as those with only one side used).

We are committed to corporate responsibility projects, both through charitable endeavors and by extending the benefits of our ecosystem to the society at large. We have been continuously dedicating ourselves to the development of social and public welfare undertakings. By building staff volunteer teams, we encourage and organize our employees to participate in various voluntary activities. We also keep close ties with the public and continuously strive to improve people’s well-being. Since 2020, the Company has donated around RMB556,600 for charity and other purposes.

We are committed to cultivating a collaborative company culture that inspires teamwork. We value the contribution of each employee in different roles and strive to provide a fair and balanced compensation scheme that provides proper incentives.

Our Board has the collective responsibility for formulating, adopting and reviewing our environmental, social and corporate governance (“**ESG**”) vision, policy and target, and evaluating, determining and addressing our ESG-related risks at least once a year. In 2023, our Board engaged an independent third party to evaluate our ESG risks and review our existing strategy, target and internal controls.

## Employee and Remuneration Policy

The following table sets forth the numbers of our employees dedicated to our business and operations categorized by function as of December 31, 2023.

Function	Number of Employees	% of Total
Research and development	269	45.7%
Sales	173	29.4%
Operations	108	28.4%
Management	38	6.5%
<b>Total</b>	<b>588</b>	<b>100.0%</b>

As required by laws and regulations in the People’s Republic of China (“**PRC**”), we participate in various employee social security plans that are organized by municipal and provincial governments, including, among other things, pension, medical insurance unemployment insurance, maternity insurance, on-the-job injury insurance and housing fund plans through a PRC government-mandated benefit contribution plan. We are required under PRC law to make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our staff, up to a maximum amount specified by the local government from time to time.

We continuously invest in the training and career development of our employees. We have established a comprehensive training and development system covering corporate culture, employee rights and responsibilities, job performance, technical skills and safety management. We also support the health and well-being of our employees by, among other measures offering free annual health checkups.

The Company also has a pre-IPO employee share incentive plan (“**Share Incentive Plan**”).

On January 3, 2023, the Company granted 912,648 RSUs (the “**2023 Grant**”) to six (6) grantees in accordance with the terms of the Share Incentive Plan (the “**2023 Grantee**”). None of the 2023 Grant was subject to approval by the Shareholders, and none of the 2023 Grantees is a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or an associate (as defined in the Listing Rules) of any of them. For details of the 2023 Grant, please refer to the announcement of the Company dated January 3, 2023.

The total remuneration expenses, including share-based payments, for the year ended December 31, 2023 were RMB189.8 million, as opposed to RMB152.3 million for the year ended December 31, 2022, representing a year-on-year increase of 24.6%.

## **Foreign Exchange Risk**

We conduct our businesses mainly in Renminbi (“**RMB**”). Foreign exchange risk arises when future commercial transactions or recognized financial assets and liabilities are denominated in a currency that is not the respective functional currency of our entities. Throughout to the year ended December 31, 2023, exchange gains and losses from foreign currency transactions denominated in a currency other than the functional currency were insignificant. The Board does not expect that the fluctuation of RMB exchange rate and other foreign exchange fluctuations will have a material impact on the business operations of the Group. The Group currently has no hedging policy with respect to foreign exchange risks. Therefore, the Group has not entered into any hedging transactions to manage potential fluctuation in foreign currencies.

## **Capital Commitments**

As of December 31, 2023, the Group had no capital commitment.

## **Contingent Liabilities**

As of December 31, 2023, we did not have any material contingent liabilities or guarantees.

## **Charge of Assets**

There was no charge of our Group’s assets as of December 31, 2023.

## **Important Events after the End of the Reporting Period**

On January 15, 2024, the Company granted 498,500 RSUs (the “**2024 Grant**”) to 46 grantees in accordance with the terms of the Share Incentive Plan (the “**2024 Grantee**”). None of the 2024 Grant was subject to approval by the Shareholders, and none of the 2024 Grantees is a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or an associate (as defined in the Listing Rules) of any of them. For details of the 2024 Grant, please refer to the announcement of the Company dated January 15, 2024.

Save as disclosed in this announcement and as of the date of this announcement, there were no other significant events that might affect the Group since December 31, 2023.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

		Year ended 31 December	
	Notes	2023	2022
		RMB'000	RMB'000
			(Restated)
REVENUE	5	446,846	383,244
Cost of sales		<u>(232,070)</u>	<u>(198,301)</u>
Gross profit		214,776	184,943
Other income and gains	5	15,742	17,960
Selling and distribution expenses		(110,119)	(89,102)
Administrative expenses		(30,726)	(36,039)
Research and development expenses		(91,794)	(78,639)
Impairment losses on financial and contract assets		(5,685)	(4,727)
Other expenses and losses		(726)	(1,541)
Finance costs	7	<u>(504)</u>	<u>(627)</u>
LOSS BEFORE TAX	6	(9,036)	(7,772)
Income tax credit	8	<u>405</u>	<u>261</u>
LOSS FOR THE YEAR		<u><b>(8,631)</b></u>	<u><b>(7,511)</b></u>
LOSS PER SHARE			
Basic and diluted (RMB cents)	10	<u><b>(4.96)</b></u>	<u><b>(4.63)</b></u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Year ended 31 December	
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> <i>(Restated)</i>
LOSS FOR THE YEAR	<u>(8,631)</u>	<u>(7,511)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of a subsidiary not operating in Chinese Mainland	<u>189</u>	<u>–</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	<u>3,371</u>	<u>9,500</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR	<u>3,560</u>	<u>9,500</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u><u>(5,071)</u></u>	<u><u>1,989</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 31 December 2023

	Notes	31 December 2023 RMB'000	31 December 2022 RMB'000 (Restated)	1 January 2022 RMB'000 (Restated)
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment		2,010	2,464	3,611
Right-of-use assets		12,000	10,897	7,781
Goodwill	11	99,544	–	–
Other intangible assets		12,813	2,462	2,971
Prepayments, other receivables and other assets		2,168	53,378	–
Deferred tax assets		1,396	1,089	763
Total non-current assets		<u>129,931</u>	<u>70,290</u>	<u>15,126</u>
<b>CURRENT ASSETS</b>				
Trade receivables	12	89,862	87,146	64,388
Contract assets	13	4,464	4,474	2,214
Contract costs	14	8,545	10,273	–
Prepayments, other receivables and other assets		24,952	14,291	12,695
Prepaid tax		20	27	2,286
Financial investments		50,087	40,886	31,227
Pledged deposits		–	–	21,293
Restricted cash		670	–	–
Cash and cash equivalents		298,075	341,669	152,545
Total current assets		<u>476,675</u>	<u>498,766</u>	<u>286,648</u>
<b>CURRENT LIABILITIES</b>				
Trade payables	15	26,957	28,644	15,740
Contract liabilities	16	45,844	29,598	22,716
Other payables and accruals		49,563	28,535	22,862
Interest-bearing bank borrowings		–	–	10,520
Lease liabilities		7,103	6,668	5,281
Tax payable		1,204	622	419
Total current liabilities		<u>130,671</u>	<u>94,067</u>	<u>77,538</u>
NET CURRENT ASSETS		<u>346,004</u>	<u>404,699</u>	<u>209,110</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>475,935</u>	<u>474,989</u>	<u>224,236</u>
<b>NON-CURRENT LIABILITIES</b>				
Lease liabilities		4,478	3,425	2,709
Deferred tax liabilities		1,092	–	–
Total non-current liabilities		<u>5,570</u>	<u>3,425</u>	<u>2,709</u>
Net assets		<u>470,365</u>	<u>471,564</u>	<u>221,527</u>
<b>EQUITY</b>				
Share capital		114	114	98
Reserves		470,251	471,450	221,429
Total equity		<u>470,365</u>	<u>471,564</u>	<u>221,527</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Share- based payment reserve <i>RMB'000</i>	Reserve funds <i>RMB'000</i>	Exchange fluctuation reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
At 31 December 2022	114	247,984	95,790	106	27,499	9,653	90,499	471,645
Effect of adoption of amendments to IAS 12	-	-	-	-	-	-	(81)	(81)
At 1 January 2023 (restated)	114	247,984	95,790	106	27,499	9,653	90,418	471,564
Loss for the year	-	-	-	-	-	-	(8,631)	(8,631)
Other comprehensive income for the year:								
Exchange differences on translation of the Company and a subsidiary not operating in Chinese Mainland	-	-	-	-	-	3,560	-	3,560
Total comprehensive loss for the year	-	-	-	-	-	3,560	(8,631)	(5,071)
Equity-settled share-based payment arrangements	-	-	-	3,872	-	-	-	3,872
Transfer from retained profits	-	-	-	-	220	-	(220)	-
At 31 December 2023	<u>114</u>	<u>247,984*</u>	<u>95,790*</u>	<u>3,978*</u>	<u>27,719*</u>	<u>13,213*</u>	<u>81,567*</u>	<u>470,365</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Share-based payment reserve <i>RMB'000</i>	Reserve funds <i>RMB'000</i>	Exchange fluctuation reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
At 31 December 2021	98	-	95,790	58	27,324	153	98,048	221,471
Effect of adoption of amendments to IAS 12	-	-	-	-	-	-	56	56
At 1 January 2022 (restated)	98	-	95,790	58	27,324	153	98,104	221,527
Loss for the year (restated)	-	-	-	-	-	-	(7,511)	(7,511)
Other comprehensive income for the year:								
Exchange differences on translation of the Company	-	-	-	-	-	9,500	-	9,500
Total comprehensive income for the year (restated)	-	-	-	-	-	9,500	(7,511)	1,989
Issue of shares	16	263,732	-	-	-	-	-	263,748
Share issue expenses	-	(15,748)	-	-	-	-	-	(15,748)
Equity-settled share-based payment arrangements	-	-	-	48	-	-	-	48
Transfer from retained profits	-	-	-	-	175	-	(175)	-
At 31 December 2022 (restated)	<u>114</u>	<u>247,984*</u>	<u>95,790*</u>	<u>106*</u>	<u>27,499*</u>	<u>9,653*</u>	<u>90,418*</u>	<u>471,564</u>

\* These reserve accounts comprise the consolidated reserves of RMB470,251,000 (2022: RMB471,450,000 (restated)) in the consolidated statements of financial position as at 31 December 2023.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 <b>RMB'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		<b>(9,036)</b>	(7,772)
Adjustments for:			
Finance costs	<i>7</i>	<b>504</b>	627
Interest income	<i>5</i>	<b>(7,464)</b>	(3,480)
Investment income	<i>5</i>	<b>(1,664)</b>	(2,231)
Fair value gains on financial investments at fair value through profit or loss	<i>5</i>	<b>(87)</b>	(506)
Loss on disposal/write-off property, plant and equipment	<i>5,6</i>	<b>28</b>	56
Loss/(gain) on early termination of leases	<i>5</i>	<b>24</b>	(2)
Depreciation of property, plant and equipment	<i>6</i>	<b>1,319</b>	1,451
Depreciation of right-of-use assets	<i>6</i>	<b>8,169</b>	7,017
Amortisation of other intangible assets	<i>6</i>	<b>3,034</b>	569
Impairment of financial and contract assets	<i>6</i>	<b>5,685</b>	4,727
Write-off of prepayments	<i>6</i>	<b>434</b>	–
Equity-settled share-based payment expense		<b>3,872</b>	48
		<b>4,818</b>	504
Increase in trade receivables		<b>(4,158)</b>	(26,821)
Increase in contract assets		<b>(658)</b>	(2,894)
Decrease/(increase) in contract costs		<b>3,428</b>	(10,273)
Increase in prepayments, other receivables and other assets		<b>(7,187)</b>	(3,134)
Increase/(decrease) in trade payables		<b>(2,054)</b>	12,904
Increase in contract liabilities		<b>8,864</b>	6,882
Increase in other payables and accruals		<b>17,562</b>	4,424
Increase in restricted cash		<b>(670)</b>	–
Effect of foreign exchange rate changes, net		<b>(6,346)</b>	3,572
		<b>13,599</b>	(14,836)
Cash generated from/(used in) operations		<b>13,599</b>	(14,836)
Interest paid		<b>(504)</b>	(627)
Chinese mainland corporate income tax refunded, net		<b>422</b>	2,397
		<b>13,517</b>	(13,066)
Net cash flows from/(used in) operating activities		<b>13,517</b>	(13,066)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2023

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		<b>6,608</b>	1,775
Purchases of property, plant and equipment		<b>(831)</b>	(372)
Proceeds from disposal of property, plant and equipment		<b>24</b>	12
Purchases of other intangible assets		<b>(721)</b>	(60)
Prepayments for other intangible assets		–	(858)
Prepayments for investments		–	(51,862)
Acquisition of a subsidiary	<i>17(a)</i>	<b>(41,900)</b>	–
Acquisition of a business	<i>17(b)</i>	<b>(11,800)</b>	–
Placement of time deposits with original maturity over three months		<b>(241,015)</b>	(148,959)
Withdrawal of time deposits with original maturity over three months upon maturity		<b>271,907</b>	–
Purchases of financial investments at fair value through profit or loss		<b>(185,000)</b>	(493,700)
Proceeds from disposal/maturity of financial investments at fair value through profit or loss		<b>161,835</b>	501,778
Purchase of financial investments at amortised cost		<b>(50,000)</b>	(15,000)
Proceeds from maturity of financial investments at amortised cost		<b>65,715</b>	–
Net cash flows used in investing activities		<b>(25,178)</b>	(207,246)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares, net of direct share issue expense		–	252,097
Decrease in pledged time deposits for bank borrowings		–	21,000
Repayment of borrowings		–	(10,990)
Principle portion of lease payments		<b>(7,623)</b>	(8,028)
Net cash flows from/(used in) financing activities		<b>(7,623)</b>	254,079
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		<b>(19,284)</b>	33,767
Cash and cash equivalents at beginning of year		<b>188,406</b>	152,545
Effect of foreign exchange rate changes, net		<b>350</b>	2,094
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>169,472</b>	188,406

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)***For the year ended 31 December 2023*

	<b>2023</b> <b><i>RMB'000</i></b>	2022 <i>RMB'000</i>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>123,410</b>	141,406
Short term deposits	<b>37,000</b>	47,000
Non-pledged time deposits with original maturity within three months when acquired	<b>9,062</b>	—
Cash and cash equivalents as stated in the statement of cash flows	<b>169,472</b>	188,406
Non-pledged time deposits with original maturity over three months when acquired	<b>128,603</b>	153,263
Cash and cash equivalents as stated in the statement of financial position	<b>298,075</b>	341,669

# NOTES TO THE FINANCIAL INFORMATION

31 December 2023

## 1. CORPORATE INFORMATION

TI Cloud Inc. (the “Company”) is an exempted company with limited liability incorporated in the Cayman Islands on 31 March 2021. The ordinary shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from 30 June 2022. The registered office of the Company is located at the offices of ICS Corporate Services (Cayman) Limited, 3-212 Governors Square, 23 Lime Tree Bay Avenue, P.O. Box 30746, Seven Mile Beach, Grand Cayman KY1-1203, Cayman Islands.

During the year, the Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in the provision of artificial intelligence-based cloud customer contact solution software and related services in Software as a Service (“SaaS”) model and Virtual Private Cloud (“VPC”) model.

## 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations) promulgated by the International Accounting Standards Board (the “IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial investments at fair value through profit and loss which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

### Contractual arrangements

Due to regulatory restrictions on foreign ownership in providing telecommunication services in Chinese Mainland, the Group’s business was carried out by Beijing T&I Net Communication Technology Co., Ltd. (“T&I Net Communication”), the investment holding and operating company whose shares were indirectly held by the then shareholders of the Company prior to the completion of the reorganisation in preparation for the initial listing of the shares of the Company (the “IPO”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in 2021 (the “Reorganisation”), as well as its subsidiaries operating in Chinese Mainland during the year. As part of the Reorganisation, on 12 May 2021, TI Cloud (Beijing) Technology Co., Ltd. (“WFOE”), T&I Net Communication and/or the then shareholders of T&I Net Communication entered into a set of contractual arrangements, including an exclusive consulting services agreement, an exclusive purchase option agreement, equity pledge agreements, a voting proxy agreement, spousal consents as well as powers of attorney, which enable the Company to exercise effective control over T&I Net Communication and obtain substantially all economic benefits of T&I Net Communication. Accordingly, T&I Net Communication has since been effectively controlled by the Company based on the aforementioned contractual arrangements notwithstanding that the Company does not have any direct or indirect equity interest in T&I Net Communication.

## 2.1 BASIS OF PREPARATION (CONTINUED)

### Basis of consolidation

The financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

IFRS 17	<i>Insurance Contracts</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and the impact of the new and revised IFRSs that are applicable to the Group are described below:

- (a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

- (b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.
- (c) Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits at that date. The quantitative impact on the financial information is summarised below.

Impact on the consolidated statement of financial position:

	<b>Increase/(decrease)</b>		
	<b>As at</b>	As at	As at
	<b>31 December</b>	31 December	1 January
	<b>2023</b>	2022	2022
	<b>RMB'000</b>	RMB'000	RMB'000
<b>Liabilities</b>			
Deferred tax liabilities*	<u>40</u>	81	<u>(56)</u>
Total non-current liabilities	<u>40</u>	81	<u>(56)</u>
Total liabilities	<u><b>40</b></u>	<u>81</u>	<u>(56)</u>
Net assets	<u><b>(40)</b></u>	<u>(81)</u>	<u>56</u>
<b>Equity</b>			
Retained profits (included in reserves)	<u>(40)</u>	(81)	<u>56</u>
Total equity	<u><b>(40)</b></u>	<u>(81)</u>	<u>56</u>

\* The deferred tax asset and the deferred tax liability arising from lease contracts of the same subsidiary have been offset in the statement of financial position for presentation purposes.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

### (c) (CONTINUED)

Impact on the consolidated statement of profit or loss:

	<b>Increase/(decrease)</b>	
	<b>For the year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Income tax credit	<u>69</u>	<u>(137)</u>
Loss for the year	<u><u>(69)</u></u>	<u><u>137</u></u>
Total comprehensive income for the year	–	(137)
Total comprehensive loss for the year	<u><u>(69)</u></u>	<u><u>–</u></u>

  

	<b>Increase/(decrease)</b>	
	<b>For the year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB</b>	<b>RMB</b>
Basic and diluted loss per share attributable to ordinary equity holders of the Company	<u><u>(0.04) cent</u></u>	<u><u>0.08 cent</u></u>

The adoption of amendments to IAS 12 did not have any impact on the other comprehensive income/(loss) and the consolidated statements of cash flows for the years ended 31 December 2023 and 2022.

- (d) Amendments to *IAS 12 International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

#### **Judgements**

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

#### ***Accounting for companies governed under the contractual arrangements as subsidiaries***

The Company does not directly or indirectly hold any equity interests in T&I Net Communication and its subsidiaries. Nevertheless, under the contractual arrangements as detailed in note 2.1, the directors of the Company determine that the Group has the power to govern the financial and operating policies of T&I Net Communication so as to obtain benefits from its activities. As such, T&I Net Communication is accounted for as a subsidiary of the Group for accounting purposes.

#### ***Research and development costs***

Development expenses incurred on the Group's products and services are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development expenses which do not meet these criteria are expensed when incurred. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. During the year, all expenses incurred for research and development activities were expensed when incurred.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### **Estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

#### ***Impairment of goodwill***

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the CGU to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2023 was RMB99,544,000 (2022: Nil). Further details are given in note 11.

#### ***Provision for expected credit losses on trade receivables and contract assets***

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on the ageing for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At the end of each reporting period, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in notes 12 and 13.

#### ***Impairment of non-financial assets (other than goodwill)***

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

#### ***Deferred tax assets***

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The Group had no deferred tax assets relating to recognised tax losses at 31 December 2023 (2022: Nil). The amount of unrecognised tax losses at 31 December 2023 were RMB283,837,000 (2022: RMB54,089,000).

#### 4. OPERATING SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment, which is the provision of artificial intelligence-based customer contact solution software and related services in SaaS model and VPC model. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

##### Geographical information

(a) Revenue from external customers

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Chinese Mainland	446,179	383,139
Hong Kong	667	105
	<u>446,846</u>	<u>383,244</u>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

All of the Group's non-current assets were located in Chinese Mainland as at the end of the reporting period (2022: Chinese Mainland).

The non-current asset information is based on the location of the assets and excludes financial instruments and deferred tax assets.

##### Information about major customers

During the year, there was no customer individually accounted for more than 10% of the Group's revenue (2022: Nil).

#### 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue from contracts with customers is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
SaaS solutions	413,419	350,942
VPC solutions	27,755	23,971
Other services and product sales	5,672	8,331
Total	<u>446,846</u>	<u>383,244</u>

## 5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Disaggregation of the Group's revenue from contracts with customers by the timing of revenue recognition is set out below:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Transfer over time:		
SaaS solutions	<b>413,419</b>	350,942
VPC solutions	<b>6,637</b>	21,827
Other services and product sales	<b>4,446</b>	5,924
	<hr/>	<hr/>
Subtotal	<b>424,502</b>	378,693
	<hr/>	<hr/>
Transfer at a point in time:		
VPC solutions	<b>21,118</b>	2,144
Other services and product sales	<b>1,226</b>	2,407
	<hr/>	<hr/>
Subtotal	<b>22,344</b>	4,551
	<hr/>	<hr/>
Total	<b>446,846</b>	383,244
	<hr/> <hr/>	<hr/> <hr/>

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
SaaS solutions	<b>27,572</b>	21,757
VPC solutions	<b>1,631</b>	282
Other services and product sales	<b>395</b>	677
	<hr/>	<hr/>
Total	<b>29,598</b>	22,716
	<hr/> <hr/>	<hr/> <hr/>

Information about the Group's performance obligations is summarised below:

### SaaS solutions

The performance obligation is satisfied over time as services are rendered and payment is generally due within 90 days from the billing date, except for small-sized customers where payment in advance is normally required.

### VPC solutions

The performance obligation of customisation services is satisfied over time as services are rendered, or at a point of time, i.e., upon acceptance of customised services by customers, and payment is generally due within 30 days from the date of acceptance. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

## 5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

### Other services and product sales

The performance obligation of other services is satisfied over time as services are rendered and payment is generally due within 90 days from the billing date. The performance obligation of product sales is satisfied upon delivery of the products and payment is generally due within 30 days from delivery, except for small-sized customers where payment in advance is normally required.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of the reporting period are as follows:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Amounts expected to be recognised as revenue:		
Within one year	<b>18,894</b>	9,730
After one year	<b>188</b>	210
Total	<b>19,082</b>	9,940

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to VPC services and other services, of which the performance obligations are to be satisfied within three years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year.

An analysis of the Group's other income and gains is as follows:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Other income</b>		
Bank interest income	<b>7,464</b>	3,480
Investment income from financial investments at amortised cost	<b>562</b>	153
Investment income from financial investments at fair value through profit or loss	<b>1,102</b>	2,078
Government grant*	<b>5,939</b>	11,701
Others	<b>–</b>	40
Total other income	<b>15,067</b>	17,452
<b>Gains</b>		
Fair value gains on financial investments at fair value through profit or loss	<b>87</b>	506
Gain on early termination of a lease	<b>–</b>	2
Foreign exchange gains, net	<b>588</b>	–
Total gains	<b>675</b>	508
Total	<b>15,742</b>	17,960

\* Various government grants during the year were mainly attributable to the Group's development in software industry and investment in research and development, as well as additional value-added tax deductibles. There are no unfulfilled conditions or contingencies relating to these government grants.

## 6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
Cost of services provided		<b>231,252</b>	196,281
Cost of products sold		<b>818</b>	2,020
Depreciation of property, plant and equipment*		<b>1,319</b>	1,451
Depreciation of right-of-use assets*		<b>8,169</b>	7,017
Amortisation of other intangible assets		<b>3,034</b>	569
Lease payments not included in the measurement of lease liabilities*		<b>1,940</b>	2,224
Auditor's remuneration		<b>2,100</b>	1,800
Listing expenses		–	11,445
Employee benefit expense (excluding directors' and chief executive's remuneration):*			
Wages and salaries		<b>165,395</b>	139,068
Equity-settled share-based payment expense		<b>3,872</b>	48
Pension scheme contributions (defined contribution scheme)**		<b>13,855</b>	13,135
<b>Total</b>		<b>183,122</b>	152,251
Impairment of financial and contract assets:			
Impairment of trade receivables	<i>12</i>	<b>4,590</b>	4,063
Impairment of contract assets	<i>13</i>	<b>668</b>	634
Impairment of financial assets included in prepayments, other receivables and other assets		<b>427</b>	30
<b>Total</b>		<b>5,685</b>	4,727
Penalties and late fees***		<b>240</b>	186
Loss on disposal/write-off of property, plant and equipment***		<b>28</b>	56
Loss on early termination of leases***		<b>24</b>	–
Write-off of prepayments***		<b>434</b>	–
Foreign exchange losses, net***		–	1,299

\* The amounts of the following expenses are included in the cost of services provided:

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
Depreciation of property, plant and equipment	<b>184</b>	300
Depreciation of right-of-use assets	<b>2,456</b>	2,087
Lease payments not included in the measurement of lease liabilities	<b>1,673</b>	2,209
Employee benefit expense	<b>8,301</b>	4,787

\*\* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

\*\*\* These items are included in "Other expenses and losses" in the consolidated statement of profit or loss.

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest on lease liabilities	<b>504</b>	521
Interest on bank borrowings	–	106
Total	<b>504</b>	627

## 8. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the countries/ jurisdictions in which members of the Group are domiciled and operate.

### Cayman Islands

Pursuant to the relevant rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

### Hong Kong

The Hong Kong profits tax rate is 16.5% during the year (2022: 16.5%). Under the two-tiered profits tax rates regime, the first HK\$2,000,000 (2022: HK\$2,000,000) of assessable profits of the Group's subsidiary incorporated in Hong Kong, TI Cloud (HK) Limited, arising in Hong Kong are taxed at 8.25% (2022: 8.25%) and its remaining assessable profits are taxed at 16.5% (2022: 16.5%).

### Chinese Mainland

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the entities which operate in Chinese Mainland are subject to corporate income tax ("CIT") at a rate of 25% (2022: 25%) on the taxable income. During the year, T&I Net Communication and Yizhang Yunfeng were entitled to a preferential tax rate of 15% because it was accredited as a "High and New Technology Enterprise". In addition, certain other subsidiaries of the Group operating in Chinese Mainland were entitled to preferential tax rates of 5% of the taxable income within RMB3,000,000, for the year ended 31 December 2023, because they were regarded as "small-scaled minimal profit enterprises", one of the criteria of which is with annual taxable income no more than RMB3,000,000 during the corresponding year.

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i> <i>(Restated)</i>
Current tax charged for the year		
Hong Kong	<b>34</b>	6
Chinese Mainland	<b>124</b>	58
Deferred tax credited for the year	<b>(563)</b>	(325)
Total tax credit for the year	<b>(405)</b>	(261)

## 8. INCOME TAX (CONTINUED)

A reconciliation of the tax expense applicable to profit or loss before tax at the statutory tax rates for the countries/jurisdictions in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> <i>(Restated)</i>
Profit/(loss) before tax		
Cayman Islands	(60)	(10,664)
Hong Kong	408	78
Chinese Mainland	(9,384)	2,814
	<hr/>	<hr/>
Total	(9,036)	(7,772)
Tax at the statutory tax rates		
Cayman Islands	–	–
Hong Kong	68	13
Chinese Mainland	(2,346)	703
	<hr/>	<hr/>
Total tax at the statutory rates	(2,278)	716
Lower tax rates enacted by relevant authorities	1,283	(562)
Expenses not deductible for tax	1,159	1,092
Additional deductible allowance for research and development expenses	(10,955)	(9,407)
Tax losses recognised from previous periods	–	(11)
Tax losses not recognised	7,709	7,774
Temporary differences not recognised	2,677	137
	<hr/>	<hr/>
Tax credit at the Group's effective rate	(405)	(261)
	<hr/> <hr/>	<hr/> <hr/>

## 9. DIVIDENDS

There was no dividend proposed, declared or paid by the Group for the years ended 31 December 2023 and 2022.

## 10. LOSS PER SHARE

The calculation of the basic loss per share amount for the year ended 31 December 2023 is based on the loss for the year ended 31 December 2023 attributable to ordinary equity holders of the Company of RMB8,631,000 (2022: RMB7,511,000 (restated)), and the weighted average number of ordinary shares of 174,000,400 (2022: 162,164,557) in issue during the year ended 31 December 2023.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2023 and 2022 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 2022.

## 11. GOODWILL

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Cost and net carrying amount at 1 January	–	–
Acquisition of a subsidiary ( <i>note 17(a)</i> )	85,952	–
Acquisition of a business ( <i>note 17(b)</i> )	10,268	–
Exchange realignment	3,324	–
	<hr/>	<hr/>
Cost and net carrying amount at 31 December	<b>99,544</b>	–
	<hr/> <hr/>	<hr/> <hr/>

There was no accumulated impairment of goodwill as at 31 December 2023 (2022: Nil).

### **Impairment testing of goodwill**

Goodwill acquired through business combinations is allocated to the Group's cash-generating unit in respect of the provision of artificial intelligence-based customer contact solution software and related services in SaaS model and VPC model (the "Customer Contact Solution CGU") for impairment testing.

The recoverable amount of the Customer Contact Solution CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

#### ***Revenue growth and perpetual growth rates***

Revenue growth rates were estimated ranging from 10% to 15% per annum for the Customer Contact Solution CGU throughout the five-year financial budgets, as determined by management with reference to the historical rates in prior years, adjusted by management's outlook of expected market development. Cash flows beyond the five-year period are extrapolated by using a perpetual growth rate of 2.3%, which is same as the expected long-term average consumer price index growth rate of the PRC.

#### ***Discount rate***

Discount rate was estimated to be 16% which is before tax and represents the current market assessment of the risks specific to the Customer Contact Solution CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates.

The values assigned to the key assumptions are consistent with external information sources.

## 12. TRADE RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade receivables	103,198	95,853
Impairment	<u>(13,336)</u>	<u>(8,707)</u>
Net carrying amount	<u><u>89,862</u></u>	<u><u>87,146</u></u>

The Group's trading terms with its customers are mainly on credit, except for small-sized customers, where payment in advance is normally required. The credit period is generally 30 days to 90 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. Trade receivables are settled in accordance with the terms of the respective contracts. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the date of services rendered or the billing date and net of loss allowance, is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 3 months	61,741	64,817
4 to 12 months	24,641	20,497
1 to 2 years	<u>3,480</u>	<u>1,832</u>
Total	<u><u>89,862</u></u>	<u><u>87,146</u></u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
At beginning of year	8,707	4,993
Impairment losses ( <i>note 6</i> )	4,590	4,063
Acquisition of a subsidiary ( <i>note 17(a)</i> )	179	–
Amount written off as uncollectible	<u>(140)</u>	<u>(349)</u>
At end of year	<u><u>13,336</u></u>	<u><u>8,707</u></u>

The increase in the loss allowance during the year ended 31 December 2023 was mainly due to the increase in the loss allowance of RMB5,815,000 (2022: RMB3,196,000) as a result of an increase in gross amount of trade receivables aged over one year.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on the specifically identifiable circumstances attributable to individual customers and ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

## 12. TRADE RECEIVABLES (CONTINUED)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

### As at 31 December 2023

	Ageing			Total
	Within 1 year	1 to 2 years	Over 2 years	
Expected credit loss rate	3.58%	60.11%	100.00%	12.92%
Gross carrying amount (RMB'000)	89,588	8,724	4,886	103,198
Expected credit losses (RMB'000)	3,206	5,244	4,886	13,336

### As at 31 December 2022

	Ageing			Total
	Within 1 year	1 to 2 years	Over 2 years	
Expected credit loss rate	3.12%	65.97%	100.00%	9.08%
Gross carrying amount (RMB'000)	88,058	5,383	2,412	95,853
Expected credit losses (RMB'000)	2,744	3,551	2,412	8,707

## 13. CONTRACT ASSETS

	2023 RMB'000	2022 RMB'000
Contract assets arising from services relating to VPC solutions	5,241	4,583
Impairment	(777)	(109)
Net carrying amount	4,464	4,474

Contract assets are initially recognised for revenue earned from services relating to VPC solutions as the receipt of consideration is conditional on successful completion of the projects. Upon completion of services rendered and/or acceptance by the customers, the amounts recognised as contract assets are reclassified to trade receivables.

The decrease in contract assets for the year ended 31 December 2023 was the combined result of the increase in the ongoing services relating to VPC solutions and the increase in impairment allowance of contract assets aged over one year at 31 December 2023. The increase in contract assets for the year ended 31 December 2022 was the result of the increase in the ongoing services relating to VPC solutions at 31 December 2022.

The expected timing of recovery or settlement for contract assets as at the end of the reporting period is as follows:

	2023 RMB'000	2022 RMB'000
Within one year	4,464	4,474

### 13. CONTRACT ASSETS (CONTINUED)

The movements in the loss allowance for impairment of contract assets are as follows:

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
At beginning of year	<b>109</b>	320
Impairment losses ( <i>note 6</i> )	<b>668</b>	634
Amount written off as uncollectible	—	(845)
	<hr/>	<hr/>
At end of year	<b>777</b>	109
	<hr/> <hr/>	<hr/> <hr/>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on the specifically identifiable circumstances attributable to individual customers and ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's contract assets using a provision matrix:

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
Expected credit loss rate	<b>14.83%</b>	2.38%
Gross carrying amount (RMB'000)	<b>5,241</b>	4,583
Expected credit losses (RMB'000)	<b>777</b>	109
	<hr/> <hr/>	<hr/> <hr/>

### 14. CONTRACT COSTS

Contract costs represents direct and incremental costs incurred relating to contracts of VPC solutions.

### 15. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the date of services rendered or the billing date, is as follows:

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
Within 3 months	<b>17,359</b>	19,409
4 to 12 months	<b>4,444</b>	8,624
1 to 2 years	<b>4,621</b>	513
Over 2 years	<b>533</b>	98
	<hr/>	<hr/>
Total	<b>26,957</b>	28,644
	<hr/> <hr/>	<hr/> <hr/>

The trade payables are non-interest-bearing and are normally settled on ninety-day terms.

## 16. CONTRACT LIABILITIES

An analysis of contract liabilities arising from short-term advances received from customers is as follows:

	<b>31 December 2023 RMB'000</b>	31 December 2022 RMB'000	1 January 2022 RMB'000
SaaS solutions	44,902	27,572	21,757
VPC solutions	823	1,631	282
Other services and product sales	119	395	677
Total	<b>45,844</b>	<b>29,598</b>	<b>22,716</b>

The increase in contract liabilities for the year ended 31 December 2023 was mainly due to the increase in short-term advances received from customers in relation to SaaS solutions at the end of the reporting period. The increase in contract liabilities for the year ended 31 December 2022 was mainly due to the increase in short-term advances received from customers in relation to SaaS solutions and VPC solutions at the end of the reporting period.

## 17. BUSINESS COMBINATION

### (a) Acquisition of Beijing Yizhang Yunfeng Technology Co., Ltd.

On 15 December 2022, TI Cloud (HK) Limited (“TI HK”), the Company, T&I Net Communication, Agora Inc. (“Agora”), Beijing Yisimobo Network Technology Co., Ltd., Beijing Yizhang Yunfeng Technology Co., Ltd. (“Yizhang Yunfeng”) and AKKO NET LIMITED (“AKKO”, an indirect wholly-owned subsidiary of Agora) entered into an equity transfer agreement pursuant to which AKKO has conditionally agreed to sell, and TI HK has conditionally agreed to buy, the entire equity interest of Yizhang Yunfeng at a cash consideration of US\$14,600,000 (equivalent to RMB101,700,000), all of which has been paid as at 31 December 2023 (the “Yizhang Yunfeng Acquisition”). The Yizhang Yunfeng Acquisition was made as part of the Group’s strategy to expand its market shares and strengthen its research and development of SaaS business for customer contact solutions. The transaction was completed on 1 February 2023, and accordingly Yizhang Yunfeng became a wholly-owned subsidiary of the Group.

The fair values of the identifiable assets and liabilities of Yizhang Yunfeng as at the date of acquisition were as follows:

	<i>Note</i>	<b>Fair value recognised on acquisition RMB'000</b>
Property, plant and equipment		86
Right-of-use assets		1,558
Other intangible assets		6,964
Trade receivables		3,148
Contract costs		1,700
Prepayments, other receivables and other assets		3,813
Cash and cash equivalents		9,633
Trade payables		(367)
Contract liabilities		(7,382)
Other payables and accruals		(2,475)
Lease liabilities		(1,372)
Deferred tax liabilities		(1,063)
Total identifiable net assets at fair value		14,243
Goodwill on acquisition	11	85,952
Total consideration		<b>100,195</b>
Satisfied by cash		
Prepaid in 2022		48,662
Paid in current year		51,533
Total		<b>100,195</b>

## 17. BUSINESS COMBINATION (CONTINUED)

### (a) Acquisition of Beijing Yizhang Yunfeng Technology Co., Ltd. (Continued)

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB3,148,000 and RMB3,216,000, respectively. The gross contractual amounts of trade receivables and other receivables were RMB3,327,000 and RMB3,216,000, respectively, of which trade receivables of RMB179,000 are expected to be uncollectible.

The Group incurred transaction costs of RMB150,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

An analysis of the cash flows in respect of the Yizhang Yunfeng Acquisition is as follows:

	<i>RMB'000</i>
Cash consideration paid in current year	51,533
Cash and bank balances acquired	<u>9,633</u>
Net outflow of cash and cash equivalents	
included in cash flows from investing activities	41,900
Transaction costs of the acquisition	
included in cash flow from operating activities	<u>150</u>
Total net cash outflow	<u><u>42,050</u></u>

Since the acquisition, Yizhang Yunfeng contributed RMB18,033,000 to the Group's revenue and RMB18,545,000 to the consolidated loss for the year ended 31 December 2023.

Had the combination taken place at the beginning of the year, the revenue and loss of the Group for the year would have been RMB448,724,000 and RMB9,422,000, respectively.

### (b) Acquisition of the SaaS business of Chengdu GoldArmor Technology Inc.

On 30 November 2022, T&I Net Communication and Chengdu GoldArmor Technology Inc. ("GoldArmor") entered into a business and asset transfer agreement pursuant to which GoldArmor has conditionally agreed to sell, T&I Net Communication has conditionally agreed to buy, the SaaS business operated by GoldArmor (the "GoldArmor Business") and its related assets at a cash consideration of RMB16,000,000, of which RMB3,200,000 has been paid in 2022, RMB11,800,000 has been paid during the year and RMB1,000,000 remained unsettled as at 31 December 2023 (the "GoldArmor Acquisition"). The GoldArmor Acquisition was made as part of the Group's strategy to expand its market shares of SaaS business for customer contact solutions with a brand name known as Live800. The transaction was completed on 9 January 2023, and the GoldArmor Business has since carried out by Tianrun Golden Armor, a new established wholly-owned subsidiary of the Group.

## 17. BUSINESS COMBINATION (CONTINUED)

### (b) Acquisition of the SaaS business of Chengdu GoldArmor Technology Inc. (Continued)

The fair values of the identifiable assets and liabilities relating to the GoldArmor Business as at the date of acquisition were as follows:

	<i>Note</i>	<b>Fair value recognised on acquisition RMB'000</b>
Right-of-use assets		1,023
Other intangible assets		5,700
Prepayments, other receivables and other assets		318
Lease liabilities		(1,024)
Deferred tax liabilities		(285)
		<hr/>
Total identifiable net assets at fair value		5,732
Goodwill on acquisition	11	10,268
		<hr/>
Total consideration		16,000
		<hr/> <hr/>
Satisfied by cash		
Prepaid in 2022		3,200
Paid in current year		11,800
Payable as of 31 December 2023		1,000
		<hr/>
Total		16,000
		<hr/> <hr/>

The Group incurred transaction costs of RMB50,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

An analysis of the cash flows in respect of the GoldArmor Acquisition is as follows:

	<i>RMB'000</i>
Cash consideration paid in current year	11,800
	<hr/>
Net outflow of cash and cash equivalents included in cash flows from investing activities	11,800
Transaction costs of the acquisition included in cash flow from operating activities	50
	<hr/>
Total net cash outflow	11,850
	<hr/> <hr/>

Since the acquisition, the SaaS business acquired from GoldArmor contributed RMB12,128,000 to the Group's revenue and RMB6,689,000 to the consolidated loss for the year ended 31 December 2023.

Had the combination taken place at the beginning of the year, the revenue and loss of the Group for the year would have been RMB446,885,000 and RMB8,851,000, respectively.

## 18. EVENTS AFTER THE REPORTING PERIOD

On 15 January 2024, the Company granted 498,500 restricted share units to 46 eligible employees, representing 0.29% of the issued share capital of the Company as of the date of approval of these financial statements.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all shareholders of the Company (the "**Shareholders**"). Throughout the year ended December 31, 2023, the Company has applied the principles and complied with all the applicable code provisions as set out in Part 2 of the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") except as disclosed below.

Pursuant to code provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company currently does not have a separate chairman and chief executive officer and Mr. WU Qiang currently performs both roles.

The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company if and when it is appropriate taking into account the circumstances of the Group as a whole. Save as disclosed above, none of the Directors of the Company is aware of any information which would reasonably indicate that the Company has not complied with the code provisions as set out in the Corporate Governance Code for the Reporting Period.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code, and maintain a high standard of corporate governance practices of the Company.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the code of conduct regarding the Directors' dealings in the securities of the Company. Having made specific enquiry of all the Directors, all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code for the Reporting Period.

## **AUDIT COMMITTEE**

The Company has established Audit Committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code to monitor the implementation of our risk management policies across our Company on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. The Audit Committee comprises three members, namely Mr. LI Zhiyong, Mr. LI Pengtao and Ms. WENG Yang, with Mr. LI Zhiyong (being our independent non-executive Director with the appropriate professional qualifications) as chair of the Audit Committee.

The Audit Committee has reviewed the audited consolidated results of the Group for the year ended December 31, 2023 with no disagreement and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control system, risk management, financial reporting matters with senior management members.

The figures in respect of the Group's audited consolidated financial statements and the related notes thereto for the year ended December 31, 2023 as set out in this announcement have been agreed to the corresponding amounts set out in the Group's consolidated financial statements for the year ended December 31, 2023, which have been audited by Ernst & Young.

## **OTHER BOARD COMMITTEES**

In addition to the Audit Committee, the Company has also established a nomination committee and a remuneration committee.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

On December 18, 2023, the Board formally resolved to utilize the share repurchase mandate granted by the Shareholders at the annual general meeting held on May 25, 2023 to repurchase Shares in the open market from time to time at a maximum aggregate amount of HK\$10 million (the "**Proposed Share Repurchase**"). During the year ended December 31, 2023 and as of the date of this announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange. For further details regarding the Proposed Share Repurchase, please refer to the announcement of the Company dated December 18, 2023.

## **FINAL DIVIDEND**

The Board did not recommend the distribution of a final dividend for the year ended December 31, 2023 (2022: Nil).

## **USE OF PROCEEDS**

With the Shares of the Company listed on the Main Board of the Stock Exchange on June 30, 2022, the net proceeds from the Global Offering (following partial exercise of the Over-allotment Option, as defined in the Prospectus) were approximately HK\$255.7 million, after deducting underwriting commissions and offering expenses paid or payable. As of December 31, 2023, the amount of the net proceeds which has remained unutilized amounted to approximately HK\$150.6 million. There has been no material change or delay in the intended use of net proceeds as previously disclosed in the Prospectus.

The following table sets forth a summary of the utilization of the net proceeds as of December 31, 2023:

Intended use of net proceeds	Allocation of net proceeds <i>HK\$ million</i>	Percentage of total net proceeds	Amount of net proceeds unutilized as of January 1, 2023 <i>HK\$ million</i>	Amount of net proceeds utilized for the year ended December 31, 2023 <i>HK\$ million</i>	Balance of net proceeds unutilized as of December 31, 2023 <i>HK\$ million</i>	Intended timetable for use of the unutilized net proceeds
Used to further enhance our core technologies, optimize existing portfolio of solutions and develop complementary solutions with a goal to satisfy evolving client needs, provide more comprehensive solutions and improve our overall competitiveness in the market of customer contact solutions	191.8	75%	178.2	47.0	131.2	Before December 31, 2025
Used over the next five years to further enhance our brand image in the market for customer contact solutions, expand our direct sales team, improve our sales capabilities and increase our marketing efforts	51.1	20%	44.2	24.8	19.4	Before December 31, 2025
Used for working capital and general corporate purposes	12.8	5%	6.6	6.6	–	
<b>Total</b>	<b><u>255.7</u></b>	<b><u>100%</u></b>	<b><u>229.0</u></b>	<b><u>78.4</u></b>	<b><u>150.6</u></b>	

## PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.ti-net.com.cn](http://www.ti-net.com.cn). The annual report of the Group for the year ended December 31, 2023 will be published on the aforesaid websites of the Stock Exchange and the Company.

By order of the Board  
**TI Cloud Inc.**  
**Mr. WU Qiang**  
*Chairman of the Board*

Hong Kong, March 27, 2024

*As of the date of this announcement, the Board comprises Mr. WU Qiang, Mr. PAN Wei, Mr. LI Jin and Mr. AN Jingbo as executive Directors, and Ms. WENG Yang, Mr. LI Pengtao and Mr. LI Zhiyong as independent non-executive Directors.*