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TI Cloud Inc.

天潤云股份有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2167)

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE ACQUISITION OF THE ENTIRE EQUITY
INTEREST IN THE TARGET COMPANY**

ACQUISITION OF THE ENTIRE EQUITY INTEREST IN THE TARGET COMPANY

The Board is pleased to announce that on December 15, 2022 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company), the Company, T&I Net Communication, Agora, Beijing Yisimobo, the Target Company and the Vendor entered into the Equity Transfer Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has 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), subject to the Adjustment.

As of the date of this announcement, the Target Company is principally engaged in the provision of cloud-native customer contact solutions, focusing on customer services and instant messaging APIs (IM) service in the PRC.

Completion of the Acquisition is conditional on the conditions precedent being, and remaining, satisfied or otherwise being waived in accordance with the terms of the Equity Transfer Agreement. Prior to the Completion, the IM Business shall be divested from the Target Company to an indirectly wholly-owned subsidiary of Agora in accordance with the terms and conditions of the Equity Transfer Agreement. Upon Completion, the Target Company will be held as to 100% by the Purchaser and will become an indirect wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to the notification and announcement requirements, but exempt from the circular and shareholders' approval requirements, under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on December 15, 2022 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) and the Vendor entered into the Equity Transfer Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has 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), subject to the Adjustment.

PRINCIPAL TERMS OF THE EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are summarized as follows:

- Date** : December 15, 2022 (after trading hours)
- Parties** : (i) the Purchaser;
- (ii) the Company;
- (iii) T&I Net Communication;
- (iv) the Vendor;
- (v) Agora;
- (vi) Beijing Yisimobo; and
- (vii) the Target Company

The Acquisition

Pursuant to the Equity Transfer Agreement, the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell the entire equity interest in the Target Company.

As of the date of this announcement, the Target Company is principally engaged in the provision of cloud-native customer contact solutions, focusing on customer services and instant messaging APIs (IM) service in the PRC. Prior to the Completion, the IM Business shall be divested from the Target Company to an indirectly wholly-owned subsidiary of Agora in accordance with the terms and conditions of the Equity Transfer Agreement. For any agreements in relation to the IM Business that could not be terminated and shall remain to be performed by the Target Company after the Completion Date, any profits or losses attributable to such agreements shall be owned or borne by the Vendor.

As at the date of the announcement, the Target Company is wholly-owned by the Vendor. Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company.

Consideration and Adjustment

The consideration payable by the Purchaser would initially be approximately US\$14.6 million (approximately HK\$113.7 million), subject to the Adjustment, which shall be funded by internal resources of the Group.

The initial consideration was determined after arm's length negotiation among the Parties to the Equity Transfer Agreement, having considered, among others, (i) the consideration paid by the Vendor at the time of its acquisition of the Target Company in 2021; (ii) the prevailing market pricing for SaaS business; (iii) the revenue attributable to the Target Business for the ten months ended October 31, 2022 based on the management accounts of the Target Company (the "**Target Business Revenue**"); (iv) business prospects of the Target Business, and (v) the synergy effect of the Target Business to the Group.

The amount of Target Business Revenue is provided by the Vendor based on the management accounts of the Target Company. If the amount of revenue attributable to the Target Business for the ten months ended October 31, 2022 is later identified to be lower than the figure provided by the Vendor, the Consideration would be adjusted downward (the "**Adjustment**"), taking into account the difference between the book cash amount and the working capital required for maintaining operation of the Target Business on the Completion Date.

Payment terms

The consideration shall be paid by the Purchaser in three instalments:

- (i) the amount of approximately US\$7.0 million (or Hong Kong dollars equivalent), shall be paid by the Purchaser to the Vendor within ten (10) business days from the date of the Equity Transfer Agreement;
- (ii) the amount of approximately US\$4.8 million (or Hong Kong dollars equivalent), shall be paid by the Purchaser to the Vendor on the Completion Date; and
- (iii) subject to the Adjustment, the remaining amount of approximately US\$2.8 million (or Hong Kong dollars equivalent), shall be paid by the Purchaser to the Vendor no later than April 15, 2023.

Conditions Precedent and Completion

Completion shall take place within ten (10) business days from the date on which, among others, the key conditions precedent have been satisfied (or waived by the Purchaser in writing at its sole discretion), or such other date and time as agreed by the Parties in writing:

- (i) the representations and warranties made by the Warrantors are true, accurate, complete and not misleading when made, and shall be true, accurate, complete and not misleading as of the Completion Date, with the same force and effect as if made on the Completion Date. Any undertakings and covenants contained in the Equity Transfer Agreement that should be performed by the Warrantors on or before the Completion Date shall have been performed;
- (ii) no event or circumstance shall have occurred which should or may have any material adverse effect on the good standing, production management, business licenses, product registrations, business operations, financial position, goodwill or other material aspects of any member of the Target Group;
- (iii) the directors/board of directors and shareholders/general meeting (as the case may be) of the Vendor and the Target Company have approved the Acquisition and the execution, delivery and performance of the Equity Transfer Agreement by the Vendor and the Target Company;
- (iv) the Target Company or other members of the Target Group (as the case may be) has entered into termination agreement with each of business staff relating to the IM Business, to terminate their respective employment contracts, and there being no pending disputes or outstanding payments with the Target Company or other members of the Group on the date of their respective termination agreement;
- (v) the Vendor has delivered to the Purchaser all documents and information as set out in the Equity Transfer Agreement, which shall include all documents and information related to the revenue data of the Target Business from January to October 2022;
- (vi) the Target Company has completed relevant governmental registrations in relation to this Acquisition;
- (vii) apart from any agreements which would remain to be performed by the Target Company after the Completion Date, the divestment of IM Business being completed and a written confirmation documenting the completion of such divestment being executed by the Purchaser and the Vendor; and
- (viii) the Vendor has provided the Purchaser with key items of balance sheet of the Target Company as of December 31, 2022 evidencing the book cash amount and working capital of the Target Company, which shall be sufficient to maintain the operation of the Target Business.

INFORMATION ON THE TARGET COMPANY

The Target Company is a limited liability company established under the laws of the PRC, and immediately prior to the Completion, is wholly-owned by the Vendor, which is in turn indirectly wholly-owned by Agora. As of the date of this announcement, the Target Company is principally engaged in the provision of cloud-native customer contact solutions, focusing on customer services and IM Business in the PRC.

Prior to the Completion, the IM Business will be divested by the Vendor in accordance with the terms and conditions of the Equity Transfer Agreement. Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the Group's financial statements.

Set out below is the unaudited financial information of the Target Company attributable to the Target Business as extracted from management accounts of the Target Company for the two years ended December 31, 2021:

	Year ended 31 December	
	2020	2021
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Revenue	48,546	56,479
Gross profit	38,602	40,361

The net assets attributable to the Target Business as of September 30, 2022 (unaudited), as derived from the management accounts of the Target Company, were approximately RMB9,035,116.

Set out below is the unaudited financial information of the Target Company as extracted from management accounts of the Target Company for the two years ended December 31, 2021:

Net profit/(loss) before taxation ^{Note}	21,624	(24,068)
Net profit/(loss) after taxation ^{Note}	21,624	(24,068)

Note: It is practically difficult to segregate the expenses attributable to the Target Business and IM Business, respectively. As such, the net profit/(loss) before and after taxation of the Target Company is set out herein.

INFORMATION ON AGORA, BEIJING YISIMOBO AND THE VENDOR

Agora is an exempted company with limited liability incorporated in the Cayman Islands. Agora is listed on the Nasdaq Global Select Market under the symbol "API". Beijing Yisimobo is a limited liability company established under the laws of the PRC and is principally engaged in the provision of instant messaging APIs (IM) service. The Vendor is a company established under the laws of the Hong Kong with limited liability, and an indirectly wholly-owned subsidiary of Agora.

Agora, operating through its subsidiaries, is a pioneer and global leader in Real-Time Engagement Platform-as-a-Service, or RTE-PaaS. Agora's cloud platform provides developers with simple, flexible, and powerful application programming interfaces, or APIs, to embed real-time voice, video, interactive live-streaming, chat, whiteboard, and artificial intelligence capabilities into their applications. As of the date of this announcement, Agora is interested in approximately 2.8% of the total issued shares of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, apart from the cornerstone investment by Agora in the Company in June 2022 (details of which is set out in the prospectus of the Company dated June 21, 2022), there are no financing or other arrangements within the last 12 months between Agora, Beijing Yisimobo and the Vendor and their respective ultimate beneficial owners on the one hand, and the Company and/or any of its connected persons (as defined under the Listing Rules) on the other. Each of Agora, Beijing Yisimobo and the Vendor and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

INFORMATION ON THE COMPANY, T&I NET COMMUNICATION AND THE PURCHASER

The Company and its subsidiaries are 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. T&I Net Communication is a limited liability company established in Beijing and is principally engaged in the sales of customer contact solution software and related services and products, provision of technology support services, and research and development of communication software.

The Purchaser is a wholly-owned subsidiary of the Company established under the laws of the Hong Kong with limited liability and is an investment holding company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As of the date of this announcement, the Target Company is principally engaged in the provision of cloud-native customer contact solutions, focusing on customer services and instant messaging APIs (IM) service in the PRC. Prior to the Completion, the IM Business shall be divested from the Target Company to an indirectly wholly-owned subsidiary of Agora in accordance with the terms and conditions of the Equity Transfer Agreement.

There are inherent and powerful strategic synergies between business of the Group and the Target Business, in terms of product system and customer base. Since its establishment, the Target Company has served more than 10,000 corporate customers for the Target Business, covering many benchmark enterprises in the insurance, banking, automotive, logistics and travel sectors, which established a very comprehensive self-service system and has profound insights into the needs of small enterprise customers. Not only will the Acquisition of the Target Company enable service system of the Company to effectively cover the complete product chain from large customers to small and medium-sized customers requiring self-service capabilities, providing a complete product solution for a wider range of PRC quality enterprise customers, but also further enhance the Company’s market share in industries such as technology, insurance, auto and travel, thus strengthening our leading position and competitive advantage by customer integration. The Company has always adhered to its mission of “making customer contact a better experience, with improved efficiency”. At the same time, the Directors believe this transaction will enhance the long-term return on investment for our shareholders.

After taking into account the factors set out above, the Directors considered that the terms of the Acquisition are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to the notification and announcement requirements, but exempt from the circular and shareholders’ approval requirements, under Chapter 14 of the Listing Rules.

As the completion of the Acquisition is subject to the satisfaction or waiver (as applicable) of certain conditions precedent stated in the Equity Transfer Agreement, the Acquisition may or may not proceed. Accordingly, shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following terms have the meanings set forth below unless the context requires otherwise:

“Acquisition”	the acquisition of the entire equity interest in the Target Company pursuant to the terms and conditions set out in the Equity Transfer Agreement
“Agora”	Agora Inc., an exempted company with limited liability incorporated in the Cayman Islands, the shares of which are listed on the Nasdaq (Ticker Symbol: API)
“AKKO NET” or “Vendor”	AKKO NET LIMITED, a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of Agora.
“Board”	the board of Directors of the Company
“Beijing Yisimobo”	Beijing Yisimobo Network Technology Co., Ltd. (北京億思摩博網絡科技有限公司), a limited liability company established under the laws of the PRC, and an indirectly wholly-owned subsidiary of Agora
“Company”	TI Cloud Inc. (天润云股份有限公司), an exempted company with limited liability incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2167)
“Completion”	the completion of the Acquisition
“Completion Date”	the date on which Completion takes place pursuant to the Equity Transfer Agreement
“Consolidated Affiliated Entities”	the entities that the Group controls through contractual arrangements, being T&I Net Communication and its subsidiaries
“Director(s)”	the director(s) of the Company
“Group”	the Company, its subsidiaries and Consolidated Affiliated Entities
“Equity Transfer Agreement”	the equity transfer agreement dated December 15, 2022 entered into by and among the Purchaser, the Company, T&I Net Communication, AKKO NET, Agora, Beijing Yisimobo and the Target Company in relation to the Acquisition
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IM Business”	the instant messaging APIs (IM) business, which would be divested prior to the Completion Date

“Independent Third Party(ies)”	Any entity or person who is not a connected person of our Company or an associate of any such person within the meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, excludes Taiwan, Hong Kong and the Macao Special Administrative Region
“Purchaser”	TI Cloud (HK) Limited, a limited liability company established under the laws of the Hong Kong, and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Business”	the provision of cloud-native customer contact solutions, focusing on customer services
“Target Company”	Beijing Yizhang Yunfeng Technology Co., Ltd. (北京易掌雲峰科技有限公司), a limited liability company established under the laws of the PRC, and a wholly-owned subsidiary of the Vendor prior to the Completion
“Target Group”	the Target Company, its subsidiaries, branches and such other companies under its direct or indirect control
“T&I Net Communication”	Beijing T&I Net Communication Co., Ltd. * (北京天潤融通科技股份有限公司), a limited liability company established in Beijing, the PRC on February 23, 2006, and is one of the Consolidated Affiliated Entities of the Company
“US\$”	United States dollar, the lawful currency of the United States of America
“Warrantors”	Agora, AKKO NET and Beijing Yisimobo
“%”	percentage

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

Hong Kong, December 15, 2022

As at the date of this announcement, the board of directors of the Company comprises Mr. Wu Qiang, Mr. Pan Wei, Mr. Li Jin and Mr. An Jingbo as the executive Directors; Ms. Weng Yang, Mr. Li Pengtao and Mr. Li Zhiyong as the independent non-executive Directors.

* For identification purposes only