天潤雲

TI CLOUD INC .

天润云股份有限公司

(incorporated in the Cayman Islands with limited liability)

STOCK CODE : 2167

2022 Annual Report

Making Customer Contact a better Experience with improved Efficiency

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Wu Qiang (吳強) *(Chief Executive Officer) (Chairman)*
Pan Wei (潘威)
Li Jin (李晉)
An Jingbo (安靜波)

Independent Non-Executive Directors

Weng Yang (翁陽)
Li Pengtao (李鵬濤)
Li Zhiyong (李志勇)

AUDIT COMMITTEE

Li Zhiyong (李志勇) *(Chairperson)*
Li Pengtao (李鵬濤)
Weng Yang (翁陽)

REMUNERATION COMMITTEE

Li Pengtao (李鵬濤) *(Chairperson)*
Li Zhiyong (李志勇)
Wu Qiang (吳強)

NOMINATION COMMITTEE

Wu Qiang (吳強) (*Chairperson*)
Li Pengtao (李鵬濤)
Weng Yang (翁陽)

JOINT COMPANY SECRETARIES

Wang Huan (王歡)
Lui Wing Yat Christopher (呂穎一)

AUTHORIZED REPRESENTATIVES

Wu Qiang (吳強)
Lui Wing Yat Christopher (呂穎一)

AUDITOR

Ernst & Young
Certified Public Accountants and
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road, Quarry Bay,
Hong Kong

REGISTERED OFFICE

3-212 Governors Square
23 Lime Tree Bay Avenue
P.O. Box 30746, Seven Mile Beach
Grand Cayman KY1-1203
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

28-29/F, No.1 Building, 2nd Compound
Ronghua South Road
Beijing Economic and Technological Development Zone
Beijing, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F, Manulife Place
348 Kwun Tong Road
Kowloon, Hong Kong

LEGAL ADVISORS

As to Hong Kong law
Cooley HK
35/F, Two Exchange Square
8 Connaught Place, Central
Hong Kong

As to PRC law
Commerce & Finance Law Offices
12-14th Floor, China World Office 2
No. 1 Jianguomenwai Avenue
Beijing, PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

COMPLIANCE ADVISOR

Fortune Financial Capital Limited
Units No. 4102-06, 41/F, COSCO Tower
183 Queen's Road Central
Hong Kong

PRINCIPAL BANKS

Citibank N.A., Hong Kong Branch
China Merchants Bank Co., Ltd.

STOCK CODE

2167

COMPANY WEBSITE

https://www.ti-net.com.cn

FOUR-YEAR FINANCIAL SUMMARY

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND STATEMENTS OF COMPREHENSIVE LOSS[1]

	Year ended December 31,			
	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**383,244**	401,897	353,744	334,813
Revenue (excluding revenue from education industry)	**341,972**	294,096	249,295	245,361
Gross profit	**184,943**	182,703	175,439	155,883
Gross profit margin	**48.3%**	45.5%	49.6%	46.6%
(Loss)/Profit before tax	**(7,772)**	18,486	78,655	65,496
(Loss)/Profit for the period	**(7,374)**	17,818	70,167	59,145
Adjusted net profit (a non-IFRS measure)[2]	**4,071**	37,346	70,167	59,145

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION[1]

	As of December 31,			
	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets	**70,371**	15,070	26,930	28,086
Current assets	**498,766**	286,648	266,601	231,625
Total assets	**569,137**	301,718	293,531	259,711
EQUITY				
Equity attributable to owners of the Company	**471,645**	221,471	228,002	187,396
Total equity	**471,645**	221,471	228,002	187,396
LIABILITIES				
Non-current liabilities	**3,425**	2,709	6,378	8,462
Current liabilities	**94,067**	77,538	59,151	63,853
Total liabilities	**97,492**	80,247	65,529	72,315
Total equity and liabilities	**569,137**	301,718	293,531	259,711

Notes:

(1) The summary of the condensed consolidated statements of profit or loss and statement of comprehensive loss for each of the three years ended 31 December 31, 2019, 2020 and 2021, and the summary of condensed consolidated statements of financial position as of December 31, 2019, 2020 and 2021 have been extracted from the Prospectus. Such summary is prepared as if the current structure of the Group had been in existence throughout these financial years and is prepared on the basis as set out in Note 2.1 to the audited consolidated financial statements.

(2) We define adjusted net profit (a non-IFRS measure) as net profit for the period adjusted by adding back one-off listing expenses as a result of the listing of the Group on the Main Board of the Stock Exchange in 2022 (being RMB11.4 million for the year ended December 31, 2022 and RMB19.5 million for the year ended December 31, 2021). Shareholders and potential investors of the Company should note that the adjusted net profit is not a measure required by, or presented in accordance with, the International Financial Reporting Standards (the "**IFRSs**").

BUSINESS REVIEW

During the year of 2022, despite multiple waves of the COVID-19 pandemic and the severe and complex international situation, 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. While our financial performance for the year ended December 31, 2022 was affected by regulatory changes related to the education industry and the COVID-19 pandemic, our overall operations and financial position are sound and stable.

Looking back at the Reporting Period, our revenue decreased by 4.6% from RMB401.9 million in 2021 to RMB383.2 million in 2022, primarily due to a significant decrease in the revenue from clients from the education industry, which was partially offset by an increase in the revenue from clients in other industries. In July 2021, the Chinese government issued the Opinions on Further Alleviating the Burden of Homework and After-School Tutoring for Students in Compulsory Education (《關於進一步減輕義務教育階段學生作業負擔和校外培訓負擔的意見》) (the "**Opinion**"), which contains high-level policy directives about requirements and restrictions related to, among others, institutions providing after-school tutoring services on academic subjects in China's compulsory education system. The Opinion, related rules and regulations, and the accompanying enforcement measures had a material adverse impact on the results of operations of a significant number of our clients from the education industry. As a result, our revenue from clients in the education industry decreased significantly since August 2021. Our revenue from education industry accounted for 10.8% of our total revenue in 2022, representing a decrease of 61.7% compared with 2021. Despite the decrease from the education industry, our revenue from clients in other industries increased by 16.3% from RMB294.1 million in 2021 to RMB342.0 million in 2022.

Technology is at the heart of our solutions. In 2022, we continued to strengthen our technology leadership and established a new regional R&D center in Chengdu. We built a strong research and development team of 225 employees as of December 31, 2022, representing 47.2% of our total workforce, increasing by 6.6% from 211 as of December 31, 2021. Our total research and development expenses in 2022 were RMB78.6 million, representing 20.5% of our total revenue. In 2022, 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 42 months.

We have built a broad, high-quality and loyal client base across diverse industries, including technology, insurance, automobile, education, healthcare, banking, manufacturing and logistics, to name a few. In 2022, we served a total number of 3,071 SaaS clients, increasing by 14.9% from 2,673 in 2021. 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 2022, our SaaS client retention rate and dollar-based net retention rate for all SaaS clients were 76.1% and 92.9%, respectively, compared to 78.4% and 103.5% in 2021. The decreases primarily reflected a significant decrease in the revenue from clients from the education industry which were adversely affected by regulations that crack down on after-school tutoring services on academic subjects in China's compulsory education system. In 2022, our SaaS client retention rate and dollar-based net retention rate for SaaS clients (excluding clients from the education industry) were 76.1% and 113.4%, respectively.

We invested heavily in the enhancement of our solutions based on AI and cloud, among which the size of the Group's AI team has an year-on-year growth of over 100%. In 2022, our AI team further improved the intelligent customer services, intelligent agent assistant, intelligent quality inspection and other products, while enhancing NLP capabilities to optimize our ContactBot solutions that focuses on text bots and voice bots. Through our R&D efforts, we continue to advance and leverage cloud, AI and communication technology, to balance between the need to maintain stable, uninterrupted operations in large scale and to achieve quick iteration in response to evolving business needs and technological developments.

BUSINESS OVERVIEW

As a life-cycle AI-driven SaaS cloud platform for customer contact solutions, we independently developed and achieved the deep integration of "AI, Cloud and Communication" technologies. In recent years, we have focused on the AI and cloud transformation in the field of customer contact solutions in China. Recently, leveraging on our robust technology capabilities and professional products and services, we won the "2022 CEIA China Enterprise IT Awards" for "Best Customer Service SaaS Provider" and "Best Call Center Service Provider."

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.

- *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 SaaS model and VPC model. Our three types of solutions may be deployed via either the SaaS model or the VPC model.

SaaS model

Using our cloud-native customer contact services delivered through the SaaS model, our clients can establish their own customer contact functions without any up-front investment in software or hardware. Services delivered through the SaaS model are deployed in public clouds, which allow our clients to flexibly adjust the number of agent seats according to 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 sale of goods ancillary to our customer contact solutions to satisfy certain ad hoc request from our existing clients. Goods sold primarily included telecommunication equipment, and services provided primarily included certain telecommunication services, such as use of phone numbers.

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.

The following table sets forth a breakdown of our revenue by type of solutions in absolute amount and as a percentage of our total revenue for the periods indicated.

	Year ended December 31,			
	2022		2021	
	RMB	**Percentage of total**	RMB	Percentage of total
Total revenue:				
Intelligent Contact Center Solutions	**316,327**	**82.5%**	332,984	82.8%
Agile Agent Solutions	**49,948**	**13.0%**	51,322	12.8%
ContactBot Solutions	**8,638**	**2.3%**	7,730	1.9%
Other services and product sales	**8,331**	**2.2%**	9,861	2.5%
Total	**383,244**	**100.0%**	401,897	100.0%

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.

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 ASR and NLP, 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, BERT model and other advanced AIGC 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.

BUSINESS OUTLOOK

As we enter into 2023, with the easing of restrictions on the COVID-19 epidemic in China, and 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 are well-positioned as an AI-driven full-cycle customer contact solutions provider. 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 at home and abroad, 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. By this approach, we aim to achieve sustained and healthy growth of SaaS subscribers, increase user engagement and record a high net dollar retention. We have successfully built three product innovation and R&D centers in Beijing, Nanjing and Chengdu. Looking ahead to the year of 2023, the 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 and 2022, 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 legacy 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.

FINANCIAL REVIEW

Revenue

Our revenue decreased by 4.6% from RMB401.9 million in 2021 to RMB383.2 million in 2022, primarily due to impact from education industry, which was partially offset by the revenue growth from other industries.

Revenue by industry

The following table sets forth a breakdown of our revenue by industry for the periods indicated.

	For the Year Ended December 31,				
	2022		2021		
	RMB'000	**Percentage of total**	RMB'000	Percentage of total	Year-on-Year change
Total revenue (excluding education industry)	**341,972**	**89.2%**	294,096	73.2%	16.3%
Revenue from education industry	**41,272**	**10.8%**	107,801	26.8%	(61.7%)
Total	**383,244**	**100%**	401,897	100%	(4.6%)

Revenue by businesses

In 2022, 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,				
	2022		2021		
	RMB'000	**Percentage of total**	RMB'000	Percentage of total	Year-on-Year change
SaaS solutions	**350,942**	**91.6%**	370,738	92.2%	(5.3%)
Intelligent Contact Center Solutions	**304,513**	**79.4%**	319,958	79.6%	(4.8%)
Agile Agent Solutions	**37,791**	**9.9%**	43,050	10.7%	(12.2%)
ContactBot Solutions	**8,638**	**2.3%**	7,730	1.9%	11.7%
VPC solutions	**23,971**	**6.2%**	21,298	5.3%	12.6%
Other services and product sales	**8,331**	**2.2%**	9,861	2.5%	(15.5%)
Total	**383,244**	**100%**	401,897	100%	(4.6%)

In 2022, we generated a revenue of RMB350.9 million from the SaaS model, representing a decrease by 5.3% from RMB370.7 million in 2021. In the same period, we served a total number of 3,071 clients under the SaaS model, increasing by 14.9% from 2,673 in 2021. In the same period, our SaaS clients on average subscribed for 132,235 agent seats per month, increasing by 6.3% from 124,350 in 2021 primarily due to our overall business growth.

In 2022, we generated a revenue of RMB24.0 million from the VPC model among which RMB11.8 million were derived from our Intelligent Contact Center Solutions and RMB12.2 million were derived from our Agile Agent Solutions, representing an increase by 12.6% from RMB21.3 million in 2021. In the same period, we served 23 VPC clients, decreasing from 24 in 2021. Due to the COVID-19 pandemic in the second half of 2022, certain milestones of VPC projects were delayed, which affected the growth rate of revenue.

Revenue (excluding education industry) by businesses

The following table sets forth a breakdown of our revenue (excluding revenue from the education industry) for the periods indicated.

	For the Year Ended December 31,				
	2022		2021		
	RMB'000	**Percentage of total**	RMB'000	Percentage of total	Year-on-Year change
SaaS solutions	**309,699**	**90.6%**	263,759	89.7%	17.5%
Intelligent Contact Center Solutions	**277,186**	**81.1%**	236,327	80.4%	17.4%
Agile Agent Solutions	**24,725**	**7.2%**	21,070	7.2%	17.4%
ContactBot Solutions	**7,788**	**2.3%**	6,362	2.2%	22.4%
VPC solutions	**23,971**	**7.0%**	20,489	7.0%	16.0%
Other services and product sales	**8,302**	**2.4%**	9,848	3.3%	(15.7%)
Total revenue (excluding education industry)	**341,972**	**100%**	294,096	100%	16.3%

Cost of sales

Our cost of sales decreased by 9.5% from RMB219,194 million in 2021 to RMB198,301 million in 2022. The decrease was partially driven by the decrease in revenue, and partially due to better internal cost control and cost optimization.

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,				
	2022		2021		
	RMB'000	**Percentage of total**	RMB'000	Percentage of total	Year-on-Year change
Cost of Sales:					
Cost of services provided	**196,281**	**99.0%**	216,535	98.8%	(9.4%)
Telecommunication infrastructure expenses	**167,556**	**84.5%**	192,976	88.0%	(13.2%)
Cloud infrastructure expenses	**11,970**	**6.0%**	9,912	4.5%	20.8%
Internet data center lease expenses	**4,296**	**2.2%**	3,458	1.6%	24.2%
Depreciation expenses	**300**	**0.2%**	344	0.2%	(12.8%)
Employee benefit expenses	**4,787**	**2.4%**	6,752	3.1%	(29.1%)
Subcontract fee	**7,237**	**3.6%**	2,744	1.3%	163.7%
Others	**135**	**0.1%**	349	0.1%	(61.3%)
Cost of products sold	**2,020**	**1.0%**	2,659	1.2%	(24.0%)
Total	**198,301**	**100%**	219,194	100%	(9.5%)

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,				
	2022		2021		
	RMB'000	**Percentage of total**	RMB'000	Percentage of total	Year-on-Year change
Cost of Sales:					
SaaS solutions	**180,967**	**47.2%**	203,503	50.6%	(11.1%)
VPC solutions	**12,159**	**3.2%**	9,845	2.4%	23.5%
Other services and product sales	**5,175**	**1.4%**	5,846	1.5%	(11.5%)
Total	**198,301**	**51.7%**	219,194	54.5%	(9.5%)

Gross profit and gross profit margin

As a result of the foregoing, we recorded (i) a gross profit of RMB182,703 million and RMB184,943 million in 2021 and 2022, respectively, and (ii) a gross profit margin of 45.5% and 48.3% in 2021 and 2022, respectively. The increase in the gross profit margin 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,			
	2022		2021	
	RMB'000		RMB'000	
Gross profit and gross profit margin:				
SaaS solutions	**169,975**	**48.4%**	167,235	45.1%
VPC solutions	**11,812**	**49.3%**	11,453	53.8%
Other services and product sales	**3,156**	**37.9%**	4,015	40.7%
Total	**184,943**	**48.3%**	182,703	45.5%

Other income and gains

Our other income and gains increased by 116.7% from a gain of RMB8,287 million in 2021 to a gain of RMB17,960 million in 2022, primarily due to an increase in government grant and an increase in 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		2021	
	RMB'000	**Percentage of total**	RMB'000	Percentage of total
Other Income:				
Bank interest income	**3,480**	**19.4%**	819	9.9%
Investment income from financial investments at fair value through profit or loss	**2,078**	**11.6%**	2,211	26.7%
Investment income from financial investments at amortised cost	**153**	**0.9%**	–	–
Government grant	**11,701**	**65.2%**	4,689	56.6%
Others	**40**	**0.2%**	10	0.1%
Gains:				
Fair value gains on financial investments at fair value through profit or loss	**506**	**2.8%**	474	5.7%
Gain on disposal of equity investments designated at fair value through other comprehensive income	**–**	**–**	81	1.0%
Gain on disposal of property, plant and equipment	**–**	**–**	3	0.0%
Gain on early termination of a lease	**2**	**–**	–	–
Total	**17,960**	**100%**	8,287	100%

Selling and distribution expenses

Our selling and distribution expenses increased by 24.9% from RMB71.3 million in 2021 to RMB89.1 million in 2022. The increase was primarily due to (i) an increase in employee benefit expenses as a result of an increase in sales and marketing staff headcount from 134 as of December 31, 2021 to 152 as of December 31, 2022, (ii) an increase in promotion and advertising expenses as a result of increased online and offline advertising activities, and (iii) an increase in commission expenses.

Administrative expenses

Our administrative expenses decreased by 16.1% from RMB43.0 million in 2021 to RMB36.0 million in 2022, primarily due to a decrease in listing expenses.

Research and development expenses

Our research and development expenses increased by 46.1% from RMB53.8 million in 2021 to RMB78.6 million in 2022, primarily attributable to an increase in employee benefit expenses as a result of an increase in our research and development headcount from 197 as of December 31, 2021 to 225 as of December 31, 2022.

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.

	For the Year Ended December 31,			
	2022		2021	
	RMB'000	Percentage of total	RMB'000	Percentage of total
Research and Development Expenses:				
Employee benefit expenses	**71,525**	**18.7%**	48,318	12.0%
Depreciation of property, plant and equipment	**1,007**	**0.3%**	1,292	0.3%
Others	**6,107**	**1.6%**	4,230	1.1%
Total	**78,639**	**20.5%**	53,840	13.4%

Impairment losses on financial assets

Our impairment losses on financial assets increased by 38.1% from RMB3.4 million in 2021 to RMB4.7 million in 2022, primarily attributable to the conservative measure adopted by us to increase the ratio of provisions for bad debts.

Other expenses and losses

We recorded other expenses and losses of RMB1,541 thousand in 2022, which primarily represented net foreign exchange differences.

Finance cost

Our finance costs represent interest expenses on our lease liabilities and bank borrowings. Our finance costs amounted to RMB636 thousand and RMB627 thousand in 2021 and 2022, respectively.

(Loss)/Profit for the year

As a result of the foregoing, we generated a profit of RMB17.8 million in 2021 and a loss of RMB7.4 million in 2022. The net loss in 2022 was primarily due to (i) one-off listing expenses as a result of the listing of the Group on the Main Board of the Stock Exchange in June 2022; (ii) an increase in research and development expenses of 46.1% as compared to the same period in the previous year; and (iii) an increase in selling and distribution expenses of 24.9% 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 2021 and 2022 adjusted by adding back one-off listing expenses incurred during the corresponding financial year. 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.

The adjusted results should not be viewed on a stand-alone basis or as a substitute for results under the IFRS. We recorded an adjusted net profit of RMB4.1 million in 2022, as compared to an adjusted net profit of RMB37.3 million in 2021. 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 period presented to the most directly comparable financial measure calculated and presented under IFRS.

	Year ended December 31,		
	2022 RMB'000	2021 RMB'000	Year-on- year change
Reconciliation of net profit and adjusted net profit			
(Loss)/Profit for the period	**(7,374)**	17,818	(141.4%)
Add:			
Listing expenses	**11,445**	19,528	(41.4%)
Adjusted net profit	**4,071**	37,346	(89.1%)

Contract assets

Our contract assets increased by 102.1% from RMB2.2 million as of December 31, 2021 to RMB4.5 million as of December 31, 2022. The increase resulted from the increase in the ongoing provision of our VPC solutions.

Financial investments at fair value through profit of loss

Our financial investments at fair value through profit or loss increased by 30.9% from RMB31.2 million as of December 31, 2021 to RMB40.9 million as of December 31, 2022, which was primarily due to our purchase of wealth management products.

Financial Position, Liquidity and Capital Resources

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 2022, we funded our cash requirements principally from cash generated from financing activities through the Global Offering and cash generated from operating activities. Our cash and cash equivalents represent cash and bank balances. We had cash and cash equivalents of RMB341.7 million as of December 31, 2022. As of December 31, 2022, we had no outstanding borrowings.

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

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Net cash (used in)/generated from operating activities	**(13,066)**	36,675
Net cash (used in)/generated from investing activities	**(207,246)**	128,788
Net cash (used in)/generated from financing activities	**254,079**	(45,870)
Net increase in cash and cash equivalents	**33,767**	119,593
Cash and cash equivalents at the beginning of the period	**152,545**	32,953
Effects of foreign exchange rate changes, net	**2,094**	(1)
Cash and cash equivalents at the end of the period	**188,406**	152,545

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 (Used in)/Generated from Operating Activities

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.

In 2021, net cash generated from operating activities was RMB36.7 million, which was primarily attributable to our profit before tax of RMB18.5 million, as adjusted by (i) non-cash items, which primarily comprised of depreciation of right-of-use assets of RMB6.2 million, impairment of financial assets of RMB3.4 million, depreciation of property, plant and equipment of RMB1.8 million, and equity-settled share-based payment expense of RMB1.2 million, and (ii) changes in working capital, which primarily comprised of (a) a decrease in trade receivables of RMB7.8 million, primarily in line with our business growth, (b) an increase in other payables and accruals of RMB6.2 million, which was primarily due to the provision of payable listing expenses, and (c) an increase in prepayments, other receivables and other assets of RMB5.9 million, which was primarily due to prepayments of certain expenses in connection with the Global Offering.

Net Cash (Used in)/Generated from Investing Activities

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.

In 2021, net cash generated from investing activities was RMB128.8 million, which was primarily attributable to the proceeds of RMB552.7 million from disposal/maturity of financial investments at fair value through profit or loss, which were partially offset by payments of RMB430.0 million for purchase of financial investments at fair value through profit or loss.

Net Cash (Used in)/Generated from Financing Activities

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.

In 2021, net cash used in our financing activities was RMB45.9 million, which was primarily attributable to dividend of a subsidiary paid to the then shareholders of RMB28.9 million and increase in pledged time deposits for bank borrowings of RMB21.0 million, partially offset by new bank borrowings of RMB10.5 million.

Significant Investments Held

In order to reasonably utilize the surplus cash reserves generated from the Group's daily operations and enhance the overall capital gain of the Group, after taking into account the normal operation funding needs and the liquidity requirements of the Group, the Directors decided to use some of the surplus cash reserves to subscribe for structured deposit products. Between June 30, 2022 and September 5, 2022, the Group had subscribed for structured deposit products offered by China Merchants Bank Co., Ltd.. ("**CMB Structured Deposit Products**"). The CMB Structured Deposit Products are principal guaranteed. During the year ended December 31, 2022, the annualized return of the CMB Structured Deposit Products ranged from 2.8% to 2.9%. As at December 31, 2022, all the CMB Structured Deposit products have been fully redeemed. For further details, please refer to the announcement of the Company dated September 5, 2022.

Saved as disclosed above, the Group did not make or hold any significant investments during the year ended December 31, 2022.

Future Plans for Material Investments and Capital Assets

Save as disclosed in this annual report, as of December 31, 2022, we did not have any 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 adjustments. 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, 2022.

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 RMB551,600 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 2022, our Board engaged an independent third party to evaluate our ESG risks and review our existing strategy, target and internal controls.

Further details of the environmental policies and performance of the Company are set out in the "Environmental, Social and Governance Report" on pages 74 to 110 of this annual report.

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, 2022.

Function	Number of Employees	% of Total
Research and development	225	47.2%
Sales	152	31.9%
Operations	73	15.3%
Management	27	5.7%
Total	477	100.0%

As required by laws and regulations in China, we participate in government statutory employee benefit plans, including social insurance funds, namely a pension contribution plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan and a maternity insurance plan, and a housing provident fund. We are required under PRC law to contribute to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees, 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.

The employee benefit expenses (excluding Directors' and chief executives' remuneration), which include (i) wages and salaries, (ii) equity-settled share-based payment expense and (iii) pension scheme contributions, were RMB152.3 million for the year ended December 31, 2022, as opposed to RMB117.5 million for the year ended December 31, 2021, representing a year-on-year increase of 29.6%.

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 the period from the Listing Date and up to December 31, 2022, 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.

Contingent Liabilities

As of December 31, 2022, we did not have any material contingent liabilities or guarantees.

Important Events after the End of the Reporting Period

Save as disclosed in this annual report, there were no other material significant events that might affect the Group from December 31, 2022 to the date of this annual report.

BOARD OF DIRECTORS

The Board consists of seven Directors, including four Executive Directors and three Independent Non-executive Directors. The table below sets forth the information regarding the Board:

Name	Age	Positions(s)
Directors		
Mr. WU Qiang (吳強)	52	Executive Director, Chairman of the Board and Chief Executive Officer
Mr. PAN Wei (潘威)	51	Executive Director
Mr. LI Jin (李晉)	50	Executive Director
Mr. AN Jingbo (安靜波)	41	Executive Director
Ms. WENG Yang (翁陽)	51	Independent non-executive Director
Mr. LI Pengtao (李鵬濤)	47	Independent non-executive Director
Mr. LI Zhiyong (李志勇)	51	Independent non-executive Director

Executive Directors

Mr. WU Qiang (吳強), aged 52, is an executive Director, Chairman of the Board, Chief Executive Officer and founder of our Company. Mr. WU Qiang ("**Mr. Wu**") was appointed as our Director on March 31, 2021, and re-designated as our executive Director on May 26, 2021. Mr. Wu is also the chairman of the Nomination Committee and a member of the Remuneration Committee. Mr. Wu founded our Group in 2006. He has served as the president of T&I Net Communication since June 2006; director of Shanghai Tianrun Rongtong since November 2012; a supervisor of Xinfeng Information Technology since April 2014; and a supervisor of Guanxun Information Technology since April 2018.

After obtaining his master's degree in 2000, Mr. Wu worked at China Netcom (中國網絡通信有限公司) and held various positions from 2000 to 2006 successively. Mr. Wu has also been serving as an executive director of Beijing Yunhao Xingye Investment Consulting Co., Ltd. (北京雲昊興業投資顧問有限公司) since June 2015.

Mr. Wu received a bachelor's degree in industrial management engineering from Dalian University of Technology (大連理工大學) in July 1994 and a master's degree in business administration from Tsinghua University (清華大學) in June 2000.

Mr. PAN Wei (潘威), aged 51, is an executive Director and Vice President of our Company. Mr. PAN Wei ("**Mr. Pan**") was appointed as our Director on May 20, 2021 and re-designated as our executive Director on May 26, 2021. Mr. Pan joined our Group in September 2009. He has been serving as the deputy general manager of T&I Net Communication since September 2009, a supervisor of Shanghai Tianrun Rongtong since April 2014 and a director of T&I Net Communication since September 2015.

Prior to joining our Company in September 2009, Mr. Pan worked at Beijing Jinggao Integrated Communication Equipment Co., Ltd. (北京京高綜合通信設備有限公司) as the regional manager from 1994 to 1998. From January 2007 to September 2009, Mr. Pan served as the chief operating officer at Beijing VIVA Information Technology Co. Ltd. (北京維旺明信息技術有限公司). Mr. Pan has been serving as a supervisor of Beijing Yunhao Xingye Investment Consulting Co., Ltd. since May 2018.

Mr. Pan received a bachelor's degree in precision equipment from Beijing University of Posts and Telecommunications (北京郵電大學) in July 1994 and a master's degree in business administration from Tsinghua University (清華大學) in June 2000.

Mr. LI Jin (李晉), aged 50, is an executive Director and Vice President of our Company. Mr. LI Jin ("**Mr. Li**") was appointed as our Director on May 20, 2021, and re-designated as our executive Director on May 26, 2021. Mr. Li joined our Group in September 2007. He has been serving as a deputy general manager and a director of T&I Net Communication since September 2007 and September 2015, respectively.

Prior to joining our Company in September 2007, Mr. Li served as the general business manager of enterprises at Net263 Ltd. (263 網絡通信股份有限公司) from July 1997 to August 2007.

Mr. Li studied centralized control of heat-engine plant at Beijing Electricity College (北京電力高等專科學校) (later becoming a part of Beijing Jiaotong University (北京交通大學)) from September 1991 to July 1994. Mr. Li graduated from Tsinghua University (清華大學) in July 1999 majoring in applied electronic technology, and received a master's degree in business administration from Royal Roads University in Canada in June 2006.

Mr. AN Jingbo (安靜波), aged 41, is an executive Director, Vice President and Chief Technology Officer of our Company. Mr. AN Jingbo ("**Mr. AN**") was appointed as our Director on May 20, 2021 and re-designated as our executive Director on May 26, 2021. Mr. An joined our Group in November 2008 and since then has been serving as our Chief Technology Officer.

Prior to joining our Group in November 2008, Mr. An served as an engineer at VIA Technologies (China) Co., Ltd. (威盛電子(中國)有限公司) from April 2007 to October 2008.

Mr. An received a bachelor's degree and a master's degree in computer science and technology from Beijing University of Posts and Telecommunications (北京郵電大學) in July 2004 and April 2007, respectively.

Independent Non-Executive Directors

Ms. WENG Yang (翁陽), aged 51, has been an independent non-executive Director and a member of the Audit Committee and Nomination Committee from the Listing Date.

Ms. WENG Yang ("**Ms. Weng**") worked at China International Capital Corporation Limited (中國國際金融股份有限公司) from July 2000 to October 2017, holding various positions including the managing director of investment banking division and fixed income division. As confirmed by Ms. Weng, prior to 2016, Ms. Weng worked at the fixed income product department under the Investment Banking Division of China International Capital Corporation Limited. After 2016, Ms. Weng transferred to the Fixed Income Division, a division in parallel with the Investment Banking Division. Ms. Weng acquired extensive capital markets and corporate governance experience during her tenure at China International Capital Corporation Limited, where her work all related to fixed income products, such as the offering of debt securities.

Ms. Weng received a bachelor's degree in library science from Nanjing University (南京大學) in July 1993 and a master's degree in business administration from Tsinghua University (清華大學) in June 2000.

Mr. LI Pengtao (李鵬濤), aged 47, has been an independent non-executive Director, the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee from the Listing Date.

Mr. LI Pengtao served as the head of administration department of Beijing Jingdong Shangke Information Technology Co., Ltd. (北京京東尚科信息技術有限公司) from March 2012 to July 2020, from which he has acquired extensive corporate governance experience. Mr. LI Pengtao has been serving as the general partner at Gongqingcheng Shanban Xingyuan Investment Partnership (Limited Partnership) (共青城山般星元投資合夥企業(有限合夥)) since October 2020, where he is mainly responsible for the overall business operation.

Mr. LI Pengtao received a bachelor's degree in aircraft manufacturing engineering and a master's degree in aerospace manufacturing engineering from Northwestern Polytechnical University (西北工業大學) in July 1998 and April 2001, respectively. In July 2010, Mr. LI Pengtao received a master's degree in business administration from Tsinghua University (清華大學).

Mr. LI Zhiyong (李志勇), aged 51, has been an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee from the Listing Date.

In March 2001, Mr. LI Zhiyong joined Wison Engineering Ltd. (惠生工程(中國)有限公司) ("Wison Engineering," formerly known as Shanghai Wison Chemical Engineering Co., Ltd. (上海惠生化工工程有限公司)) and served as the financial controller until March 2011. Mr. LI Zhiyong also served as an executive director of Wison Engineering Services Co., Ltd. (惠生工程技術服務有限公司) from June 2007 to April 2011. From February 2012 to November 2013, Mr. LI Zhiyong was the chief financial officer of Jiangsu Shenma Electric Co., Ltd. (江蘇神馬電力股份有限公司) ("Jiangsu Shenma"). From March 2014 to December 2016, Mr. LI Zhiyong was a partner and the general manager of Vado Consulting (Shanghai) Co., Ltd (凡道管理諮詢(上海)有限公司). From January 2017 to August 2020, Mr. LI Zhiyong served as the executive director and chief financial officer of Wison Engineering whose shares are listed on the Stock Exchange (stock code: 2236). Since July 2017, Mr. LI Zhiyong has been serving as an independent director in Jiangsu Shenma, a company whose shares are listed on the Shanghai Stock Exchange (stock code: 603530). Since August 2020, Mr. LI Zhiyong has been serving as the chief financial officer of Shanghai Wison Offshore & Marine Co., Ltd. (上海惠生海洋工程有限公司). Since March 2022, Mr. Li has been serving as an executive director of Nantong Wison Wind Power Technology Co., Ltd. (南通惠生風電科技有限公司). Since September 2022, Mr. Li has been serving as a director of Zhiyi (Zhejiang Zhoushan) Wind Power Equipment Intelligent Manufacturing Co., Ltd. (之屹(浙江舟山)風電裝備智慧製造有限公司).

Mr. LI Zhiyong received a bachelor's degree in electrical technology from Nanjing University of Aeronautics and Astronautics (南京航空航天大學) in July 1993, a master of business administration degree from Tsinghua University (清華大學) in June 2000 and a master of business administration degree jointly conferred by Northwestern University (the United States of America) and The Hong Kong University of Science and Technology (Hong Kong) in June 2011.

Mr. LI Zhiyong was recognized as a Chartered Financial Analyst by the CFA Institute in September 2009.

Mr. LI Zhiyong possesses appropriate professional accounting or related financial management expertise required under Rule 3.10(2) of the Listing Rules and confirms that he has gained such expertise through his experiences, including the following:

- serving as the financial controller of Wilson Engineering from March 2001 to March 2011;
- serving as the chief financial officer of Jiangsu Shenma from February 2012 to November 2013; and
- serving as the chief financial officer of Wilson Engineering from January 2017 to August 2020.

Senior Management

Mr. ZHANG Tao (張濤), aged 54, is our Chief Financial Officer. Mr. ZHANG Tao ("**Mr. Zhang**") was appointed as our Chief Financial Officer in March 2021.

Prior to join our Company in March 2021, Mr. Zhang held various positions, including the head of technology group and executive director of investment banking division of BOC International (China) Co., Ltd. (中銀國際證券有限公司) and its predecessor, BOC International Holding Limited (Beijing Office), from July 2000 to June 2009; managing director of Credit Suisse Founder Securities Limited (瑞信方正證券有限公司) from June 2009 to March 2015; head of investment banking division of Huarong Securities Co., Ltd. (華融證券股份有限公司) from March 2015 to October 2017; and managing partner of Hangzhou Hualu Capital Limited (杭州華麓投資管理有限公司) from October 2017 to February 2021.

Mr. Zhang received a bachelor's degree of science from University of Science and Technology of China (中國科學技術大學) in June 1990 and a master's degree of business administration from Tsinghua University (清華大學) in June 2000.

Mr. Zhang was recognized as a Chartered Financial Analyst by the CFA Institute in November 2004.

Joint Company Secretaries

Mr. WANG Huan (王歡), aged 36, the head of our Securities Legal Department since November 2020, was appointed as one of our joint company secretaries on May 26, 2021.

Prior to join our Group in November 2020, Mr. WANG Huan ("**Mr. Wang**") served as an integrated teller at the Langfang branch of Bank of China (中國銀行廊坊分行) from July 2010 to September 2011; manager of securities department and legal affairs of Staidson (Beijing) BioPharmaceuticals Co., Ltd. (舒泰神(北京)生物製藥股份有限公司) from July 2012 to December 2016; senior securities manager of Guangdong Chutian Dragon Intellectual Card Co., Ltd. (廣東楚天龍智能卡有限公司) from April 2017 to October 2017; deputy general manager and board secretary of Beyondsoft Corporation (博彥科技股份有限公司) from February 2018 to January 2019; and deputy general manager of Hebei Jindiao Enterprise Management Co., Ltd. (河北金雕企業管理有限公司) from February 2019 to October 2020.

Mr. Wang received a bachelor's degree in law in June 2010 and a bachelor's degree in business administration in June 2009 from Jilin University (吉林大學), respectively.

Mr. Wang acquired PRC Legal Professional Qualification Certificate from PRC Ministry of Justice in August 2010 and was certified as board secretary in November 2012 and independent director in June 2017 from Shenzhen Stock Exchange, respectively.

Mr. LUI Wing Yat Christopher (呂穎一), aged 33, was appointed as one of our joint company secretaries on November 29, 2021 and a senior manager of corporate services of Tricor Services Limited.

Mr. LUI Wing Yat Christopher ("**Mr. Lui**") has over ten years of experience in the corporate secretarial field. He has been working for Tricor Services Limited since October 2011. He has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Mr. Lui is currently the joint company secretary of TOT BIOPHARM International Company Limited (a company listed on the Stock Exchange (stock code: 1875)), Helens International Holdings Company Limited (a company listed on the Stock Exchange (stock code: 9869)) and HBM Holdings Limited (a company listed on the Stock Exchange (stock code: 2142)), and the company secretary of CARsgen Therapeutics Holdings Limited (a company listed on the Stock Exchange (stock code: 2171)).

Mr. Lui received his bachelor's degree of science in economics and statistics from University College London in the United Kingdom in August 2011. He became a chartered secretary and an associate of both the Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and the Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators) in the United Kingdom in 2017.

DIRECTORS' REPORT

The Board is pleased to present this report of the Directors with the consolidated financial statements of the Group for the year ended December 31, 2022.

GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability on March 31, 2021.

The Company's Shares were listed on the Main Board of the Stock Exchange on June 30, 2022.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. 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. The Company's subsidiaries registered in the PRC are principally engaged in the provision of artificial intelligence-based cloud customer contact solution software and related services in SaaS model and VPC model. There were no significant changes in the nature of the Group's principal activities since the Listing Date and up to the date of this report. Please refer to Note 1 to the consolidated financial statements on pages 125 to 126 for details of the principal activities of the principal subsidiaries of the Company.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in Note 1 to the consolidated financial statements.

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

During the year ended December 31, 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this annual report, the Company has maintained the prescribed percentage of public float under the Listing Rules.

OVERVIEW OF OUR PERFORMANCE OVER THE REPORTING PERIOD

A fair review of the business of our Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of our Group's financial performance for the year ended December 31, 2022 and an indication of likely future developments in our Group's business, is set out in the section headed "Management Discussion and Analysis" from pages 5 to 20 of this annual report. Those discussions form part of this report. Events affecting our company that have occurred since the end of the 2022 financial year are set out in "Management Discussion and Analysis - Important Events After the End of the Reporting Period" in this annual report.

Description of principal risks and uncertainties that the Group may be facing can be found in the sections headed "Directors' Report — Principal risks and uncertainties" and "Directors' Report — Risks relating to the Contractual Arrangements" on page 30 and page 45 of this annual report. In addition, discussions on the key relationships with the stakeholders, compliance with the relevant laws and regulations, environmental policies and performance are set out on pages 29 to 30 of this annual report and will also be set out in the "Environmental, Social and Governance Report" on pages 74 to 110 of this annual report.

RESULTS

The results of the Group for the year ended December 31, 2022 are set out in the consolidated statement of profit or loss and consolidated statement of comprehensive income on page 116 and page 117 of this annual report.

FINANCIAL SUMMARY

A summary of the condensed consolidated statements of profit or loss and statements of comprehensive loss, and condensed consolidated statements of financial position of the Group are set out on page 4 of this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended December 31, 2022 are set out in Note 27 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company during the year ended December 31, 2022 are set out in Note 13 to the consolidated financial statements.

DEBENTURE ISSUED

The Group has not issued any debentures during the year ended December 31, 2022.

EQUITY-LINKED AGREEMENTS

Save as disclosed in "Share Incentive Plan" on pages 37 to 42 of this annual report, no equity-linked agreements were entered into by the Group, or existed during the year ended December 31, 2022.

DIVIDENDS

The Board did not recommend the distribution of a final dividend for the year ended December 31, 2022. No Shareholder has waived or agreed to waive any dividends for the year ended December 31, 2022.

DISTRIBUTABLE RESERVES

As of December 31, 2022, the Company had distributable reserves of RMB248.0 million.

Details of movements in the reserves of the Company during the year ended December 31,2022 are set out in Notes 29 and 37 of the consolidated financial statements.

USE OF PROCEEDS

With the Shares listed on the Main Board of the Stock Exchange on the Listing Date, the net proceeds from the Global Offering were approximately HK$255.7 million(1), after deducting underwriting commissions and offering expenses paid or payable. We received an additional net proceeds of approximately HK$5.0 thousand pursuant to the partial exercise of the over-allotment option as disclosed in the announcement of the Company dated July 24, 2022(2). The additional net proceeds will be used for the purposes and in the proportion as shown in the Prospectus.

The following table sets forth a summary of the utilization of the net proceeds as of December 31, 2022:

Intended use of net proceeds	Allocation of net proceeds HK$ million	Percentage of total net proceeds	Amount of net proceeds utilized for the year ended December 31, 2022 HK$ million	Balance of net proceeds unutilized as of December 31, 2022 HK$ million	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%	13.6	178.2	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%	7.0	44.2	Before December 31, 2025
Used for working capital and general corporate purposes	12.8	5%	6.2	6.6	Before December 31, 2025
Total	255.7	100%	26.8	229.0	

Note:

(1) The Offer Price was determined at HK$12.85 per Offer Share. The number of Offer Shares (as defined in the Prospectus) under the Global Offering was 43,530,000 Shares (comprising 24,000,000 New Shares and 19,530,000 Sale Shares, and subject to the over-allotment option).For further details, please refer to the announcement of the Company dated June 29, 2022.

(2) An aggregate of 400 Shares were allotted and issued by the Company at HK$12.85 per Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027%, FRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.005%) on July 27, 2022. The closing market price per Share of the immediately preceding business day is HK$11.44. For further details, please refer to the announcement of the Company dated July 24, 2022.

As of December 31, 2022, the amount of the net proceeds which has remained unutilized amounted to approximately HK$229.0 million. There has been no material change or delay in the intended use of net proceeds as previously disclosed in the Prospectus.

BORROWINGS

As of December 31, 2022, we had no outstanding borrowings.

Gearing ratio was not applicable as the Group recorded net cash as of December 31, 2022. Gearing ratio is calculated by dividing total borrowings and lease liabilities net of cash and cash equivalents by total equity and multiplied by 100%.

PLEDGE OF ASSETS

As of December 31, 2022, none of our assets were pledged to secure our loans and banking facilities.

KEY RELATIONSHIP WITH STAKEHOLDERS

The Group recognizes that various stakeholders including employees, clients, suppliers and other business associates are key to the Group's success. The Group strives to cultivate long-term relationships with them.

Further details of an account of the Company's key relationships with its employees, clients, suppliers and other business associates that have a significant impact on the Company are set out in the "**Environmental, Social and Governance Report**" on pages 74 to 110 of this annual report.

MAJOR CLIENTS AND SUPPLIERS

During the year ended December 31, 2022, revenue from our Group's top five clients, accounted for 31.0% (2021: 31.8 %) of our Group's revenue in the same year. Our Group's largest client for the 2022 financial year accounted for approximately 8.9% (2021：8.2%) of our Group's revenue in the same year. During the year ended December 31, 2022, cost of revenue from our Group's five largest suppliers accounted for 68.4% (2021: 72.5%) of our Group's total cost of revenue amount in the same year. Our Group's largest supplier for the 2022 financial year accounted for approximately 33.7% (2021: 36.5%) of our Group's total cost of revenue amount in the same year.

During the year ended December 31, 2022, our Group did not experience any significant disputes with its clients or suppliers.

To the best knowledge of the Directors, during the Reporting Period, none of the Directors or any of their respective close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the number of issued Shares of the Company) had any interest in the Group's five largest clients and suppliers.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

To the best of the Director's knowledge, information and belief, the Group has, in all material aspects, complied with the relevant laws and regulations that have a significant impact on the Group during the Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

For details, please refer to "Management Discussion and Analysis - Environmental, Social and Governance" and "Environmental, Social and Governance Report" in this annual report.

EMPLOYEE AND REMUNERATION POLICY

For details, please refer to "Management Discussion and Analysis - Employee and Remuneration Policy" in this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

Our operations involve certain risks and uncertainties, some of which are beyond our control. Some of the major risks and uncertainties we face include:

- our ability to manage the growth and expansion of our business and operations, such as expanding the features and capabilities of our solutions, attract new clients and retain existing ones, or provide satisfactory client services;
- our ability to improve and enhance the functions, performance, reliability, design, security, and scalability of our solutions to suit our clients' evolving needs;
- our ability to attract new clients or retain existing ones;
- system and data security risks;
- regulatory changes including evolving laws and regulations regarding cybersecurity, data security and data privacy; and
- the telecommunications and cloud infrastructure operated by third parties and disruption of or interference with our use of such third-party services.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

CONTRACTS AND RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Save as disclosed in the section "Continuing Connected Transactions" below and in this annual report, no contract of significance or contract of significance for the provision of services was entered into among the Company or any of its subsidiaries and the Controlling Shareholders or any of their subsidiaries during the year ended December 31, 2022.

MATERIAL LITIGATION

Our Company was not involved in any material litigation or arbitration during the Reporting Period. Our Directors are also not aware of any material litigation or claims that are pending or threatened against our Group during the Reporting Period.

DIRECTORS

The Directors who held office from the Listing Date and up to the date of this annual report were:

Executive Directors

Wu Qiang (吳強) *(Chief Executive Officer) (Chairman)*
Pan Wei (潘威)
Li Jin (李晉)
An Jingbo (安靜波)

Independent Non-Executive Directors

Weng Yang (翁陽)
Li Pengtao (李鵬濤)
Li Zhiyong (李志勇)

Pursuant to Article 109 of the Articles of Association, notwithstanding any other provisions in these Articles, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office. Also, pursuant to Article 113 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed to fill a casual vacancy shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting.

Accordingly, Mr. Wu Qiang, Mr. Pan Wei, Mr. Li Jin, Mr. An Jingbo, Ms. Weng Yang, Mr. Li Pengtao and Mr. Li Zhiyong shall retire at our upcoming annual general meeting. Each of these Directors, being eligible, will offer themselves for re-election at our upcoming annual general meeting.

Details of the Directors standing for re-election at the forthcoming annual general meeting are set out in the circular to the Shareholders together with this annual report.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out in the section headed "Directors and Senior Management" on pages 21 to 25 of this annual report.

There were no changes in information of Directors of the Company that are required to be disclosed pursuant to Rule 13.51(B)(1) of the Listing Rules.

PERMITTED INDEMNITY

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their executors or administrators, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own fraud or dishonesty, and none of them shall be answerable for the acts, receipts, neglects or defaults of any other of them, or for joining in any receipt for the sake of conformity, or for any bankers or other persons with whom any monies or effects of the Company shall be lodged or deposited for safe custody, or for the insufficiency or deficiency of any security upon which any monies of the Company shall be placed out or invested, or for any other loss, misfortune or damage which may arise in the execution of their respective offices or trusts, or in relation thereto, except as the same shall happen by or through their own fraud, dishonesty or recklessness.

Such permitted indemnity provision has been in force for the year ended December 31, 2022. The Company has taken out liability insurance to provide appropriate coverage for the Directors.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with our Company under which they agreed to act as executive Directors for an initial term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either the executive Director or our Company.

Each of the independent non-executive Directors has signed an appointment letter with our Company for a term of three years with effect from the Listing Date.

The above appointments are subject to the provisions of retirement and rotation of Directors under the Articles.

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with members of the Group that is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section "Continuing Connected Transactions" below and in this annual report, none of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party subsisting during or at the end of the year ended December 31, 2022.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended December 31, 2022.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the year ended December 31, 2022 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of the Company or any other body corporate; and none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in this annual report, none of our Directors control a business similar to principal business of our Group that competes or is likely to compete, either directly or indirectly, with our Group's business, which would require disclosure under Rule 8.10 of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at December 31, 2022, the interests and short positions of the Directors and chief executives in the Shares, underlying Shares and debentures of the Company or its associated corporations within the meaning of Part XV of the SFO, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Model Code, were as follows:

(i) Interest in the Shares

Name of Director	Nature of interest	Number of Shares interested	Approximate percentage of shareholding
Mr. WU Qiang (吳強)	Interest in controlled corporation; interest jointly held with another person(1)	86,505,000(L)	49.72%
Mr. PAN Wei (潘威)	Interest in controlled corporation; interest jointly held with another person(1)(2)	86,505,000(L)	49.72%
Mr. LI Jin (李晉)	Interest in controlled corporation; interest jointly held with another person(1)(3)	86,505,000(L)	49.72%
Mr. AN Jingbo (安靜波)	Interest in controlled corporation; interest jointly held with another person(1)(4)	86,505,000(L)	49.72%

Notes:

(1) Xinyun Inc. directly held 37,500,000 Shares; EastUp Holding Limited directly held 22,500,000 Shares. Xinyun Inc. and EastUp Holding Limited are wholly-owned subsidiaries of Hanyun Inc., which is in turn wholly owned by Mr. Wu. Accordingly, Mr. Wu is deemed to be interested in the total number of Shares held by Xinyun Inc. and EastUp Holding Limited.

Pursuant to the deeds of voting proxy dated June 6, 2021 with each of Connect The Unconnected Limited, Flyflux Holding Limited and Technolo-Jin CO., LTD, Mr. Wu as an attorney has the right to vote over all the Shares held by each of them, as a result of which Mr. Wu, Connect The Unconnected Limited, Flyflux Holding Limited and Technolo-Jin CO., LTD are in substance parties acting in concert.

(2) Connect The Unconnected Limited, a company wholly owned by Mr. PAN Wei, directly owns 13,500,000 Shares. Accordingly, Mr. PAN Wei is deemed to be interested in the number of Shares held by Connect The Unconnected Limited.

(3) Technolo-Jin CO., LTD, a company wholly owned by Mr. LI Jin, directly held 8,370,000 Shares. Accordingly, Mr. LI Jin is deemed to be interested in the number of Shares held by Technolo-Jin CO., LTD.

(4) Flyflux Holding Limited, a company wholly owned by Mr. AN Jingbo, directly owns 4,635,000 Shares. Accordingly, Mr. AN Jingbo is deemed to be interested in the number of Shares held by Flyflux Holding Limited.

(5) (L) denotes a long position in the Shares.

(ii) Interests in associated corporations of the Company

Name of Director	Nature of interest	Number of Shares interested	Approximate percentage of shareholding
Mr. WU Qiang (吳強)	T&I Net Communication	31,840,284(L)	61.63%
Mr. LI Jin (李晉)	T&I Net Communication	2,883,468(L)	5.58%
Mr. PAN Wei (潘威)	T&I Net Communication	2,618,700(L)	5.07%
Mr. AN Jingbo (安靜波)	T&I Net Communication	1,595,748(L)	3.09%

Notes:

(1) Mr. Wu directly holds 18,135,684 shares in T&I Net Communication. Beijing Yunjing Industrial Investment Center (Limited Partnership) (北京雲景興業投資中心(有限合夥)), Beijing Yunhao Investment Center (Limited Partnership) (北京雲昊投資中心(有限合夥)) and Beijing Yunyu Consulting Management Center (Limited Partnership) (北京雲昱諮詢管理中心(有限合夥)) (the "Holding Entities") are interested in 13,704,600 shares in T&I Net Communication. The general partner of each of the Holding Entities is Beijing Yunhao Industrial Investment Consulting Co., Ltd. (北京雲昊興業投資顧問有限公司), which is controlled and wholly owned by Mr. Wu. Therefore, Mr. Wu is deemed to be interested in the total number of shares held by the Holding Entities in T&I Net Communication.

(2) (L) denotes a long position in the Shares.

Save as disclosed above, as of December 31, 2022, none of the Directors and chief executives of the Company has any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Model Code.

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF OUR COMPANY

As of December 31, 2022, as far as known to the Company and Directors, the following persons had the interests or short positions in the Shares and underlying Shares of the Company which were required to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO:

Name of Shareholder	**Nature of interest**	**Number of Shares interested**	**Approximate percentage of shareholding[3]**
Xinyun Inc.[1]	Beneficial interest	37,500,000(L)	21.55%
EastUp Holding Limited[1]	Beneficial interest	22,500,000(L)	12.93%
Hanyun Inc.[1]	Interest in controlled corporation	60,000,000(L)	34.48%
Wu Qiang (吳強)[1]	Interest in controlled corporation; interest jointly held with another person	86,505,000(L)	49.72%
Connect The Unconnected Limited[1][2]	Beneficial interest; interest jointly held with another person	86,505,000(L)	49.72%
Pan Wei (潘威)[2]	Interest in controlled corporation; interest jointly held with another person	86,505,000(L)	49.72%
Flyflux Holding Limited[1][3]	Beneficial interest; interest jointly held with another person	86,505,000(L)	49.72%
An Jingbo (安靜波)[3]	Interest in controlled corporation; interest jointly held with another person	86,505,000(L)	49.72%
Technolo-Jin CO., LTD[1][4]	Beneficial interest; interest jointly held with another person	86,505,000(L)	49.72%
Li Jin (李晉)[4]	Interest in controlled corporation; interest jointly held with another person	86,505,000(L)	49.72%
Fortune Ascend Holdings Ltd.[5]	Beneficial interest	17,415,000(L)	10.01%
Wisdom Extra Limited[5]	Interest in controlled corporation	17,415,000(L)	10.01%
Mr. Tian Suning[5]	Interest in controlled corporation	17,415,000(L)	10.01%
TI YUN Limited[6]	Nominee of a trust	26,550,000(L)	15.26%
Tricor Trust (Hong Kong) Limited[6]	Trustee	26,550,000(L)	15.26%
Platinum Investment Management Limited	Investment manager; Trustee	9,182,800(L)	5.28%

Notes:

(1) Xinyun Inc. and EastUp Holding Limited are wholly-owned subsidiaries of Hanyun Inc., which is in turn wholly owned by Mr. Wu Qiang. Accordingly, each of Mr. Wu and Hanyun Inc. is deemed to be interested in the total number of Shares held by Xinyun Inc. and EastUp Holding Limited.

Pursuant to the deeds of voting proxy dated June 6, 2021 with each of Connect The Unconnected Limited, Flyflux Holding Limited and Technolo-Jin CO., LTD (each, a "Principal Shareholder"), Mr. Wu as proxy has the right to vote over all the Shares held by each of them, as a result of which Mr. Wu and Principal Shareholders are in substance parties acting in concert.

(2) Connect The Unconnected Limited is a company wholly owned by Mr. Pan. Accordingly, Mr. Pan is deemed to be interested in the number of Shares held by Connect The Unconnected Limited.

(3) Flyflux Holding Limited is a company wholly owned by Mr. An. Accordingly, Mr. An is deemed to be interested in the number of Shares held by Flyflux Holding Limited.

(4) Technolo-Jin CO., LTD is a company wholly owned by Mr. Li. Accordingly, Mr. Li is deemed to be interested in the number of Shares held by Technolo-Jin CO., LTD.

(5) Fortune Ascend Holdings Ltd. is 94% held by Wisdom Extra Limited, which is in turn wholly-owned by Mr. Tian Suning ("**Mr. Tian**"). Accordingly, each of Mr. Tian and Wisdom Extra Limited is deemed to be interested in the total number of Shares held by Fortune Ascend Holdings Ltd..

(6) TI YUN Limited is a special purpose vehicle established as a nominee to hold in trust for the Shares underlying the Share Incentive Plan, with Tricor Trust (Hong Kong) Limited acting as the trustee. Accordingly, Tricor Trust (Hong Kong) Limited is deemed to be interested in the number of Shares held by TI YUN Limited. TI YUN Limited will not exercise any voting rights in respect of the Shares underlying the share awards.

(7) (L) denotes a long position in the Shares.

(8) (S) denotes a short position in the Shares.

INTERESTS OF THE SUBSTANTIAL SHAREHOLDER OF ANY MEMBER OF OUR GROUP (EXCEPT OUR COMPANY)

Name	Nature of members of our Group	Nature of Interest	Approximate percentage of interests
Beijing Tianchuang Chuangrun Investment Center (Limited Partnership) (北京天創創潤投資中心(有限合夥))[1]	T&I Net Communication	Beneficial owner	24.63%

Notes:

(1) Beijing Tianchuang Chuangrun Investment Center (Limited Partnership) (北京天創創潤投資中心(有限合夥)) is an investment holding limited partnership established under the laws of the PRC. The general partner of Beijing Tianchuang Chuangrun Investment Center (Limited Partnership) is Beijing Tiandi Rongchuang Venture Capital Co., Ltd. (北京天地融創創業投資有限公司), which is controlled and owned as to 98% by Mr. Tian.

Save as disclosed above, as of December 31, 2022, the Directors and chief executives of the Company were not aware of any other person (other than the Directors or chief executives of the Company) who had the interests or short positions in the Shares or underlying Shares of the Company which were required to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO.

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

In compliance with Rule 3.25 of the Listing Rules and the CG Code as set out in Appendix 14 to the Listing Rules, the Company has established the Remuneration Committee to formulate remuneration policies. The remuneration is determined and recommended based on each Director's and senior management personnel's qualification, position and seniority. As for the independent non-executive Directors, their remuneration is determined by the Board upon recommendation from the Remuneration Committee. The Directors and the senior management personnel are eligible participants of the Share Incentive Plan. Details of the remuneration of the Directors, senior management and the five highest paid individuals are set out in Note 8 and Note 9 to the consolidated financial statements.

In August 2022, the Company's executive Directors, namely Mr. WU Qiang, Mr. PAN Wei, Mr. LI Jin and Mr. AN Jingbo, agreed to voluntarily forgo a portion of their respective salary amounting to RMB228,000, RMB228,000, RMB121,000 and RMB85,000 between July and December 2022.

Save as disclosed above, during the Reporting Period, none of the Directors waived or agreed to waive any remuneration (2021: Nil) and there were no emoluments paid by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

SHARE INCENTIVE PLAN

The Share Incentive Plan was adopted and approved by resolutions in writing by the Board on May 13, 2021.

Purpose

The purpose of the Share Incentive Plan is to enable our Group to grant awards to selected participants as incentives or rewards for their contribution to our Group, in particular, (i) to motivate them to optimize their performance and efficiency for the benefit of our Group; (ii) to attract and retain them whose contributions are or will be beneficial to our Group; and (iii) to encourage them to enhance cooperation and communication amongst team members for the growth of our Group.

Types of Awards

The Share Incentive Plan provides for awards of RSUs, Shares issued subject to forfeiture or repurchase by our Company until vested ("**Restricted Shares**"), and other share-based awards or rights (collectively, the "**Awards**").

Eligible participants

The Board, in the context of the Share Incentive Plan, including any committee or person(s) duly authorized by the Board, may at its discretion, invite any person belonging to any of the following classes of eligible participants ("**Eligible Participants**"), to take up an Award to subscribe for Shares:

(i) any full-time executives, officers, managers or employees of our Company or any of its subsidiaries or controlled affiliates, or any entities designated by them, who had attained the requisite seniority and performance grade and/or targets as may be determined by the chief executive officer of our Company from time to time;

(ii) any directors and supervisors (including non-executive directors and independent non-executive directors) of our Company or any of its subsidiaries or controlled affiliates, or any entities designated by them;

(iii) any advisor and consultant who the chief executive officer of our Company considers, in its sole discretion, has contributed or will contribute to our Group.

Maximum number of Shares

Unless otherwise duly approved by the Board, the total number of Shares underlying the Share Incentive Plan shall not exceed 26,550,000 Shares, representing approximately 15.26% of the issued Shares of the Company as of the date of this report.

The number of options and awards available for grant under the Share Incentive Plan as at January 1, 2022 and December 31, 2022 were 3,657,701 and 4,166,785, respectively. No options and awards were granted under all schemes of the Company during the Reporting Period. As such, the number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the year divided by the weighted average number of Shares in issue for the year was nil.

Subsequent to the end of the Reporting Period. on 3 January 2023, 912,648 RSUs were granted to six eligible employees, which are to be vested, released and converted into the ordinary shares of the Company in three equal tranches on January 3, 2024, January 3, 2025 and January 3, 2026. The purchase price for such RSUs granted is HK$4.1 per share and the closing price of the Shares as at the date of grant was HK$12.68. For further details, please refer to the announcement of the Company dated January 3, 2023.

As at the date of this report, an aggregate of 23,295,863 Shares were granted pursuant to the Share Incentive Plan, representing approximately 13.39% of the Company's issued Shares. As such, the maximum number of Shares that may be granted pursuant to the Share Incentive Plan is 3,254,137 Shares, representing approximately 1.87% of the Company's issued Shares.

Maximum entitlement of each Eligible Participant

Under the Share Incentive Plan, there is no specific limit on the maximum number of shares which may be granted to a single Eligible Participant. Unless otherwise duly approved by the Board, the total number of Shares underlying the Share Incentive Plan shall not exceed 26,550,000 Shares. The Board may in its absolute discretion determine the number of Shares underlying the Share Incentive Plan. The Company will not further issue new Shares for the purpose of the Share Incentive Plan unless otherwise duly approved by the Shareholders.

Performance Target

The participant may be required to achieve any performance targets as the Board may specify before the relevant Awards can be vested, exercised or settled upon the grant of an Award to an Eligible Participant.

Consideration for RSU and Restricted Share purchase price

The price to be paid upon the vesting and settlement of RSUs, and the purchase price of Restricted Shares shall, subject to any adjustments made pursuant to the Share Incentive Plan, be such amount in such form as may be determined by the Board from time to time and set out in the offer for the grant of an Award.

Conditions of Issuance of Shares

The Eligible Participant who accepts the offer for the grant of an Award (the "**Grantee**") must not have committed any breach of the Share Incentive Plan and any ancillary documents that he has entered into with our Company in respect of the Award.

The Grantee must not have violated any provision of the articles of association or constitutional documents of the relevant member of our Group, or otherwise impaired the interests of our Group.

The Board may, at its absolute discretion, fix any other performance targets that must be achieved and any other conditions that must be fulfilled before any Award can be vested or settled.

If the conditions set out above in this clause are not satisfied, the RSUs and/or Restricted Shares shall automatically lapse on the date on which such conditions are not satisfied, as determined by the Board in its absolute discretion.

Vesting of Awards

(i) Settlement of RSUs

RSUs are vested and settled according to the vesting schedule set out in the offer document. Subject to the terms of the applicable Award, RSUs will be settled upon vesting by delivery to the Grantee of the number of Shares that equals the number of RSUs that then become vested. If RSUs are settled, one or more of the Directors of our Company will, on behalf of our Company, cause and direct the share registrar of our Company to update our Company's register of members with the name of the Grantee entered therein as the record holder of the Shares.

(ii) Release of Restricted Share

Restricted Shares are vested and no longer subject to forfeiture as set out in the offer document. Subject to the terms of the applicable Award, Restricted Shares shall be released from escrow. After the Restricted Shares are released, the Shares shall be freely transferable by the Grantee, subject to applicable restrictions in the Award and any legal restrictions.

Non-transferability of the Awards

Save and except for the provisions in the paragraph below and except under the applicable laws or as otherwise provided by the Share Incentive Plan, the Awards shall be personal to the Grantee and the Grantee shall not sell, transfer, pledge or assign the Awards and the Share Incentive Plan or any interest or benefits therein.

The Grantee shall be permitted to transfer the Awards to his wholly owned entity or any trust arrangement whereby the Grantee is the sole beneficiary. The terms of the Share Incentive Plan shall be binding upon the personal representatives, executors, administrators, heirs, successors and assignees of the Grantee. Unless transferred pursuant to the foregoing, the Awards shall be exercisable, during the Grantee's lifetime, only by the Grantee.

Without limiting the generality of the foregoing, except as otherwise provided by the Share Incentive Plan, the Awards may not be assigned, transferred, pledged or hypothecated in any way, shall not be assignable by operation of law, and shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of the Awards contrary to the provisions hereof, and the levy of any execution, attachment or similar process upon the Awards shall be null and void and without effect and such breach by an Grantee shall entitle our Company to cancel any outstanding Awards granted to such Grantee.

Remaining Life

The Share Incentive Plan shall be valid and effective until May 13, 2031, after which period no further Awards may be offered but the provisions of the Share Incentive Plan shall remain in force to the extent necessary to give effect to the exercise, vesting or settlement of any Award granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Incentive Plan.

Termination

Our Company may by resolution in general meeting or the Board may at any time terminate the operation of the Share Incentive Plan and in such event no further Award shall be offered but the provisions of the Share Incentive Plan shall remain in force to the extent necessary to give effect to any outstanding Awards granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Incentive Plan. Outstanding Awards granted prior to such termination but not yet exercised, settled or released at the time of termination shall continue to be valid and exercisable or releasable in accordance with the Share Incentive Plan.

Further details of the Share Incentive Plan are set out in the section headed "Statutory and General Information — D. Share Incentive Plan" of Appendix IV to the Prospectus and note 28 to the consolidated financial statements.

Details of the RSUs and Restricted Shares under the Share Incentive Plan during the year ended December 31, 2022 are set out below:

Name/Type	Date of grant[2]	Vesting Period	Number of RSUs unvested as of January 1, 2022	Number of Restricted Shares unvested as of January 1, 2022	Number of RSUs granted during the Reporting Period[2]	Number of Restricted Shares granted during the Reporting Period[2]	Number of RSUs vested during the Reporting Period	Number of Restricted Shares vested during the Reporting Period	Number of RSUs cancelled during the Reporting Period[1]	Number of Restricted Shares cancelled during the Reporting Period	Number of RSUs lapsed during the Reporting Period	Number of Restricted Shares lapsed during the Reporting Period	Number of RSUs unvested as of December 31, 2022	Number of Restricted Shares unvested as of December 31, 2022	Closing price of the Shares immediately before date of award of RSU or Restricted Shares
Directors of the Company															
Nil [1]															
Senior management															
Zhang Tao	May 13, 2021	on the 6-month, 18-month and 30-month anniversaries of the Listing Date	0	1,500,000	0	0	0	500,000	0	0	0	0	0	1,000,000	–
Five highest paid individuals during 2022 (In aggregate)	May 13, 2021	on the 6-month, 18-month and 30-month anniversaries of the Listing Date	0	2,811,578	0	0	0	937,193	0	0	0	0	0	1,874,385	–

Name/Type	Date of grant	Vesting Period	Number of RSUs unvested as of January 1, 2022	Number of Restricted Shares unvested as of January 1, 2022	Number of RSUs granted during the Reporting Period	Number of Restricted Shares granted during the Reporting Period	Number of RSUs vested during the Reporting Period[5]	Number of Restricted Shares vested during the Reporting Period[5]	Number of RSUs cancelled during the Reporting Period[6]	Number of Restricted Shares cancelled during the Reporting Period[6]	Number of RSUs lapsed during the Reporting Period	Number of Restricted Shares lapsed during the Reporting Period	Number of RSUs unvested as of December 31, 2022[4]	Number of Restricted Shares unvested as of December 31, 2022[4]	Closing price of the Shares immediately before date of award of RSU or Restricted Shares[3]
Other selected employees	May 13, 2021	on the 6-month, 18-month and 30-month anniversaries of the Listing Date	441,080	18,089,641	0	0	120,352	5,886,855	80,000	429,084	0	0	240,728	11,773,702	–
	May 13, 2021	on the 6-month, 18-month, 30-month, 42-month and 54-month anniversaries of the Listing Date	50,000	0	0	0	10,000	0	0	0	0	0	40,000	0	–
Total	/	/	491,080	22,401,219	0	0	130,352	7,324,048	80,000	429,084	0	0	280,728	14,648,087	–

Note:

(1) No RSUs or Restricted Shares were granted to any Director of the Company pursuant to the Share Incentive Plan. There was no outstanding or unvested RSUs or Restricted Shares in favour of any Director of the Company as of January 1, 2022. No RSUs or Restricted Shares were granted to any Director of the Company during the Reporting Period. There were no RSUs or Restricted Shares in favour of any Director of the Company as of December 31, 2022.

(2) For the fair value of the Awards granted and the accounting standard and policy adopted, please refer to Notes 2.2, 2.5 and 28 to the consolidated financial statements.

(3) The Company's Shares were listed on the Main Board of the Stock Exchange on June 30, 2022.

(4) The purchase price of the unvested RSUs is HK$4.1. The Restricted Shares were granted at nil purchase price.

(5) The weighted average closing price of the Shares immediately before the date on which the Awards were vested in 2022 was HK$12.76.

(6) The purchase price of the cancelled RSUs is HK$4.1. The cancelled Restricted Shares were granted at nil purchase price.

CONTINUING CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

Set out below is a summary of the non-exempt continuing connected transactions of the Group during the Reporting Period and are required under the Listing Rules to be disclosed in the annual report and consolidated financial statements of the Company.

Contractual Arrangements

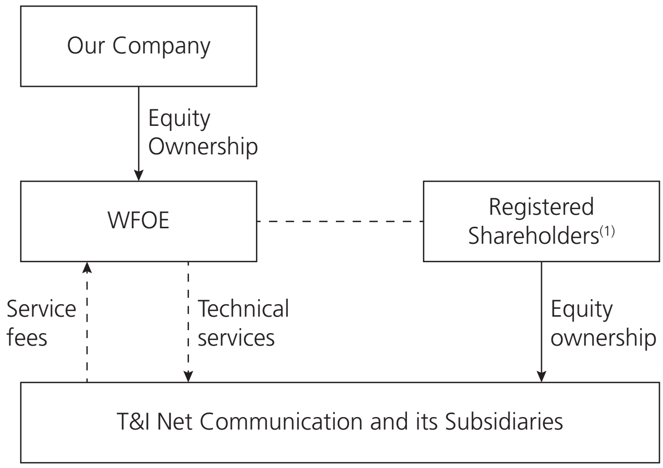
For the purposes of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", the Consolidated Affiliated Entities were treated as the Company's wholly-owned subsidiaries, and its directors, chief executives or substantial shareholders (as defined in the Listing Rules) and their respective associates were treated as the Company's "connected persons".

We offer customer contact solutions deployed fully in the cloud (the "Principal Business"). We are considered to be engaged in the provision of Internet resource collaboration services and contact center services, which are subcategories of value-added telecommunication services. Therefore, as a cloud-based contact solution provider, we are required to hold the VAT License, covering Internet resource collaboration services and contact center services. We conducted our Principal Business through our Consolidated Affiliated Entities in the PRC as the PRC laws, or their implementation by relevant government authorities, generally prohibit foreign ownership in the Principal Business we operate. Currently, the PRC laws restrict or prohibit foreign ownership of value-added telecommunications services providers

Due to regulatory restrictions on foreign ownership in providing telecommunication services in China, the Group's business was carried out by T&I Net Communication, the investment holding and operating company whose shares were indirectly held by the shareholders of the Company prior to the completion of the Reorganisation, as well as its subsidiaries operating in Mainland China during the period. As part of the Reorganisation, on May 12, 2021, TI Cloud (Beijing) Technology Co., Ltd., a wholly-foreign-owned enterprise indirectly owned by the Company, T&I Net Communication and/or the then shareholders of T&I Net Communication entered into a set of contractual arrangements 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.

Our Directors, including our independent non-executive Directors, are of the view that (i) the Contractual Arrangements are fundamental to our Group's legal structure and business operations; and (ii) the Contractual Arrangements are on normal commercial terms or on terms more favorable to our Group in the ordinary and usual course of our Group's business and are fair and reasonable or to the advantage of our Group and are in the interests of our Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that, given that our Group is placed in a special situation in relation to the connected transactions rules under the Contractual Arrangements, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company, for all the transactions contemplated under the Contractual Arrangements to be subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among other things, the announcement, circular and approval of independent Shareholders. For details of the Contractual Arrangements, please refer to the section headed "Contractual Arrangements" in the Prospectus.

The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Group under the Contractual Arrangements:



Notes:

(1) The Registered Shareholders of T&I Net Communication include (i) individual shareholders (being Mr. Wu, Mr. Li, Mr. Pan, Mr. An, collectively, the "**Registered Individual Shareholders**"); and (ii) shareholders that are partnership entities (being Beijing Tianchuang Chuangrun, Beijing Yunjing, Beijing Yunhao, and Beijing Yunyu, collectively, the "**Registered Partnership Shareholders**").

As at December 31, 2022, Mr. Wu, Mr. Li, Mr. Pan, Mr. An, Beijing Tianchuang Chuangrun, Beijing Yunjing, Beijing Yunhao, and Beijing Yunyu held 35.11%, 5.58%, 5.07%, 3.09%, 24.63%, 11.80%, 11.72%, and 3.00% equity interest in T&I Net Communication, respectively.

For further information about the Registered Shareholders, please refer to the section headed "Contractual Arrangements" in the Prospectus.

(2) "→" denotes direct legal and beneficial ownership in the equity interest.

(3) "--->" denotes contractual relationship.

(4) "-----" denotes the control by WFOE over the Registered Shareholders and T&I Net Communication through (i) powers of attorney to exercise all shareholders' rights in T&I Net Communication, (ii) exclusive options to acquire all or part of the equity interests in T&I Net Communication and (iii) equity pledges over the equity interests in T&I Net Communication.

Risks relating to the Contractual Arrangements

We believe the following risks are associated with the Contractual Arrangements. Further details of these risks are set out on pages 81 to 87 of the Prospectus.

- If the PRC government finds that the agreements that establish the structure for operating our operations in China do not comply with applicable PRC regulations, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe consequences, including the nullification of the contractual arrangements and being forced to relinquish our interests in those operations.

- Our contractual arrangements may not be as effective in providing operational control as direct ownership.

- We may lose the ability to use, or otherwise benefit from, the licenses, approvals and assets held by T&I Net Communication if T&I Net Communication petition for bankruptcy or becomes subject to a dissolution or liquidation proceeding.

- The shareholders of T&I Net Communication may have potential conflicts of interest with us.

- Contractual arrangements we have entered into with T&I Net Communication may be subject to scrutiny by the PRC tax authorities. A finding that we owe additional taxes could negatively affect our financial condition and the value of your investment.

- Our current corporate structure and business operations may be affected by the Foreign Investment Law.

Our Group works closely with the Registered Shareholders and our external legal counsels and advisors to monitor the regulatory environment and developments in PRC laws and regulations to mitigate the risks associated with the Contractual Arrangements.

Summary of the major terms of the Contractual Arrangements

The Contractual Arrangements which were in place on May 12, 2021 and a description of the specific agreements that comprise the Contractual Arrangements is set out below:

Exclusive Technical Services Agreements

WFOE and T&I Net Communication entered into an exclusive consulting services agreement on May 12, 2021 (the "**Exclusive Technical Services Agreement**"), pursuant to which T&I Net Communication agreed to engage WFOE as the exclusive provider to T&I Net Communication of consultancy, technical support and relevant services, which may include technology development, technology promotion, technology transfer and other technological services; application software service; software development; software consulting; product design; model design; market research and business management consulting services. WFOE has also entered into an exclusive technical services agreement with each of the subsidiaries of T&I Net Communication whose terms are similar to the Exclusive Technical Services Agreement (collectively, "**Exclusive Technical Services Agreements**").

Without the WFOE's prior written consent, T&I Net Communication and its subsidiaries (the "**Consolidated Affiliated Entities**") shall not receive services which are similar to the services covered by the Exclusive Technical Services Agreements from any third party.

WFOE is entitled to own all intellectual property rights arising out of the performance of these agreements. Our Consolidated Affiliated Entities agree to pay the entirety of their total income for the services provided by WFOE (net of costs, expenses, taxes and retained profits (if any)).

Under the Exclusive Technical Services Agreements, the Consolidated Affiliated Entities shall, among others: (1) subject to the relevant PRC laws and regulations, appoint the person recommended by WFOE as directors or senior management members of Consolidated Affiliated Entities, and shall not remove the members of their board of directors recommended by WFOE without the prior written consent of WFOE; (2) allow WFOE to inspect their accounts and provide other information relating to their operation, customers, financial information and employees; (3) hold the relevant certificates, licenses and seals (including business licenses, institutional credit code certificates, official seals, contract seals, financial seals and the name seals of legal representatives) that are material to their business operations, under the possession of the personnel recommended by WFOE and duly appointed by the Consolidated Affiliated Entities.

In addition, without the prior written consent of WFOE, our Consolidated Affiliated Entities shall not dispose of any material assets. To the extent permissible by the PRC laws and regulations, WFOE has the right to purchase all or part of the assets or businesses of the Consolidated Affiliated Entities at the minimum consideration permitted under the PRC laws and regulations.

The Exclusive Technical Services Agreements shall remain effective unless terminated by WFOE with a 30-day prior written notice.

Exclusive Purchase Option Agreement

WFOE, T&I Communication and its Registered Shareholders entered into an exclusive purchase option agreement on May 12, 2021, which was replaced by the exclusive purchase option agreement entered into among WFOE, T&I Net Communication, its Registered Shareholders and Beijing Yunhao Industrial Investment Consulting (the general partner of Beijing Yunhao, Beijing Yunjing and Beijing Yunyu), Beijing Tiandi Rongchuang (the general partner of Beijing Tianchuang Chuangrun) and Mr. Tian (who ultimately controls Beijing Tiandi Rongchuang) (collectively, the "**Other Parties**") on September 14, 2021) (the "**Exclusive Purchase Option Agreement**"). Pursuant to the Exclusive Purchase Option Agreement, WFOE or its designee was granted an irrevocable and exclusive right to purchase (i) from each of the Registered Shareholders all or any part of their equity interests in T&I Net Communication and/or (ii) from T&I Net Communication all or any part of its assets or interests in any of its assets.

The purchase price payable by WFOE or its designee in respect of the transfer of shares or assets shall be the minimum consideration permitted under the PRC laws and regulations, and the Registered Shareholders shall return the purchase price in full to WFOE or its designee (subject to the relevant tax payment being made under the relevant PRC laws and regulations).

The Exclusive Purchase Option Agreement shall remain effective until, among others, WFOE or its designee acquire all the equity interest in and/or all assets of T&I Net Communication.

The Other Parties (i) acknowledged that the arrangement contemplated under the Exclusive Purchase Option Agreement shall be legally binding on the Registered Partnership Shareholders; (ii) agreed to procure the Registered Partnership Shareholders to comply with the terms of the Exclusive Purchase Option Agreement; and (iii) agreed that their decisionmaking in connection with the disposal of the Registered Partnership Shareholders' interests in T&I Net Communication shall be in accordance with the terms of the Exclusive Purchase Option Agreement and the Equity Pledge Agreement (as defined below).

The Registered Shareholders, among other things, have covenanted that, without WFOE's prior consent:

(i) they shall not sell, transfer, pledge or dispose legal or beneficial interest in T&I Net Communication, or impose any encumbrances on such rights and interests, other than the creation of pledge under the Equity Pledge Agreement;

(ii) they shall not increase or decrease the registered share capital of T&I Net Communication or in any way alter its existing equity structure at the time of signing of the Exclusive Purchase Option Agreement;

(iii) they shall not transfer, mortgage or, in any other form, dispose of or procure the management of T&I Net Communication to transfer, mortgage or dispose of any domestic company assets, legitimate income and benefits in any other form (other than in the ordinary course of business, and to WFOE and/or the designated person);

(iv) they shall not terminate or procure the management of T&I Net Communication to terminate any material contract entered into by T&I Net Communication or any other agreement that conflicts with any existing material contract;

(v) they shall not appoint or replace the directors, supervisors or other managers of T&I Net Communication;

(vi) they shall not procure or consent to T&I Net Communication's declaration of or actual distribution of any distributable profits or dividends; and

(vii) they shall not procure or consent to T&I Net Communication to amend its articles of association.

The Registered Shareholders shall also ensure that:

(i) T&I Net Communication maintains effective existence, and not be terminated, liquidated or dissolved;

(ii) T&I Net Communication does not incur any debts, provide guarantees or other forms of security, or assume any material obligations outside its ordinary course of business; and

(iii) T&I Net Communication does not merge with any person/entity, purchase assets, equity or invests in any person/entity in any way.

T&I Net Communication, among other things, has covenanted that, without WFOE's prior consent, it shall not:

(i) amend its articles of association, increase or decrease its registered capital or in any way alter its existing equity structure at the time of the signing of the Exclusive Purchase Option Agreement;

(ii) assist or permit the Registered Shareholders shall not sell, transfer, pledge or dispose legal or beneficial interest in T&I Net Communication, or impose any encumbrances on such rights and interests, other than the creation of pledge under the Equity Pledge Agreement;

(iii) terminate any material contracts entered into by T&I Net Communication or enter into any other agreement in conflict with any existing material contract;

(iv) conduct liquidation, dissolution or declaration of termination;

(v) merge with, purchase, or otherwise invest in any person's assets, equity;

(vi) incur any debts, provide guarantees or other forms of security, or assume any material obligations outside its ordinary course of business; and

(vii) enter into any material contracts outside its ordinary course of business.

The Registered Shareholders and T&I Net Communication, among other things, have further covenanted that:

(i) T&I Net Communication shall not distribute any dividend or profits to the Registered Shareholders. In the event that the Registered Shareholders receive any profit distribution or dividend from our Consolidated Affiliated Entities, the Registered Shareholders must immediately pay or transfer such amount (subject to the relevant tax payment being made under the relevant Laws) to WFOE or its shareholders;

(ii) they shall immediately notify WFOE of any lawsuits, arbitrations, or administrative procedures relating to its shares or assets which have occurred or may occur;

(iii) they shall abide strictly by the Contractual Arrangement, perform the obligations under such agreements effectively, and not take any actions or omissions which may adversely affect the validity and enforceability of such agreements; and

(iv) T&I Net Communication shall purchase and maintain insurance for its assets and business from an insurance company in line with the requirements of WFOE.

Equity Pledge Agreement

On May 12, 2021, WFOE, T&I Net Communication and each of the Registered Shareholders entered into an equity pledge agreement. Subsequently on September 14, 2021, WFOE, T&I Net Communication, the Registered Partnership Shareholders and their respective general partner entered into a new sets of equity pledge agreements, which replaced the equity pledge agreements entered into by such Registered Partnership Shareholders on May 12, 2021 (equity pledge agreements entered into by the Registered Individual Shareholders on May 12, 2021, and the equity pledge agreements entered into by the Registered Partnership Shareholders on September 14, 2021, collectively, the "**Equity Pledge Agreements**"). The Equity Pledge Agreement in respect of Tianchuang Chuangrun has also been executed by Mr. Tian.

Pursuant to the Equity Pledge Agreements, the Registered Shareholders pledged all of their respective equity interests in T&I Net Communication to WFOE as collateral security to guarantee performance of their contractual obligations under the Contractual Arrangements and all liabilities, monetary debts or other payment obligations arising out of or in relation with the Contractual Arrangements.

Where applicable, the general partners of the Registered Partnership Shareholders and Mr. Tian (i) acknowledged that equity pledge shall be legally binding on the Registered Partnership Shareholders; and (ii) agreed that their decision-making in connection with the disposal of the Registered Partnership Shareholders' interests in T&I Net Communication shall be in accordance with the terms of the Contractual Arrangements.

Among other things, the Registered Shareholders have warranted and undertaken that without WFOE's prior written consent, they shall not transfer or otherwise dispose of the pledged shares, or create any other pledge or security interest over the pledged shares.

Upon the occurrence of an event of default (as defined in the Equity Pledge Agreement), WFOE may with written notice, exercise its right of pledge immediately or any time thereafter or otherwise dispose of the pledged equity interest in accordance with applicable PRC laws and regulations and have priority in the entitlement to the sale proceeds.

The Equity Pledge Agreement shall remain valid until after all the contractual obligations of the Registered Shareholders and the T&I Net Communication under the relevant Contractual Arrangements have been fully performed and all the outstanding debts of the Registered Shareholders and the T&I Net Communication under the relevant Contractual Arrangements have been fully paid.

The registration of the Equity Pledge Agreement as required by the relevant laws and regulations has been completed on June 17, 2021 in accordance with the terms of the Equity Pledge Agreement and PRC laws and regulations.

Voting Proxy Agreement

WFOE, T&I Net Communication, the Registered Shareholders entered into a shareholder voting rights proxy agreement on May 12, 2021, which was replaced by the shareholder voting rights proxy agreement entered into among WFOE, T&I Net Communication, the Registered Shareholders and the Other Parties on September 14, 2021 (the "**Voting Proxy Agreement**"). Pursuant to the Voting Proxy Agreement, each of the then Registered Shareholders appointed WFOE and/or its designee (including but not limited to Directors and their successors and liquidators replacing the Directors) as their exclusive agent and attorney to act on their behalf on all matters concerning T&I Net Communication and to exercise all of their rights as shareholder of T&I Net Communication, including, among others:

(i) attending the shareholders' meeting and exercising voting rights;

(ii) proposing to convene shareholders meetings, and signing any resolutions and minutes, approving amendments to the articles of association and filing documents with the relevant company registry;

(iii) bringing proceedings or taking other legal action against the legal representative, director, supervisor, general manager and other senior managers of T&I Net Communication, in the event that their acts cause damages to the interests of T&I Net Communication or its shareholders;

(iv) exercising voting rights in the event of bankruptcy, liquidation or dissolution of T&I Net Communication; and the right to the distribution of the remaining assets derived from the bankruptcy, liquidation, dissolution or termination of T&I Net Communication;

(v) exercising, in accordance with the PRC laws, any shareholder rights to dispose of or manage the assets of T&I Net Communication; and

(vi) any other shareholder rights under the articles of association of T&I Net Communication (as amended from time to time).

The Other Parties (i) acknowledged that the arrangement contemplated under the Voting Proxy Agreement shall be legally binding on the Registered Partnership Shareholders; (ii) agreed to procure the Registered Partnership Shareholders to comply with the terms of the Voting Proxy Agreement; and (iii) agreed that their decision-making in connection with the disposal of the Registered Partnership Shareholders' interests in T&I Net Communication shall be in accordance with the terms of the Voting Proxy Agreement.

The Registered Shareholders undertake that the authorization under the Voting Proxy Agreement will not lead to any actual or potential conflict of interest with WFOE and/or its designee(s). If there is any conflict of interest (subject to WFOE's sole discretion) with WFOE and other members of our Group, the Registered Shareholders shall prioritize to protect and will hold harmless of WFOE or any member of our Group and eliminate such conflict as soon as possible. Where the Registered Shareholders are the Directors or senior management of our Company, the rights in relation to the Voting Proxy Agreement will be granted to the Directors or senior management of our Company who are not the Registered shareholders. The Registered Shareholders shall not take or omit to take any actions which may lead to a conflict of interest with WFOE or its shareholders, nor the Registered Shareholders shall execute any agreement or make any undertaking therein which has the conflict of interest with any agreement signed or being performed between T&I Net Communication, WFOE or its designee(s).

A Registered Shareholder of T&I Net Communication may transfer or sell all or part of its shares in T&I Net Communication with WFOE's consent, subject to the transferee's agreement to undertake all rights and obligations of such Registered Shareholder under the Voting Proxy Agreement and the transferee shall become a party thereof in place of such Registered Shareholder of T&I Net Communication.

As a result of the Voting Proxy Agreement, the Company, through WFOE, is able to exercise management control over the activities that most significantly impact the economic performance of T&I Net Communication.

The Voting Proxy Agreement shall remain effective until being terminated by WFOE with written notice.

The extent to which the Contractual Arrangements relate to requirements other than the foreign ownership restriction

All of the Contractual Arrangements are subject to the restrictions as set out on pages 237 to 256 of the Prospectus. During the period from June 30, 2022 to December 31, 2022, there was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted, and none of the Contractual Arrangements had been unwound as the regulatory restrictions that led to their adoptions were not removed.

Listing Rule implications

The highest applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the transactions associated with the Contractual Arrangements are expected to be more than 5%. As such, the transactions arel be subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Our Directors (including our independent non-executive Directors) are of the view that the continuing connected transactions described in this section have been entered into in the ordinary and usual course of our business, on normal commercial terms or better, which are fair and reasonable and in the interests of our Shareholders as a whole.

Related Party Transactions

Details of the related party transactions in the ordinary course of business are set out in Note 32 to the consolidated financial statements. Saved as disclosed above, none of the related party transactions constitutes a connected transaction or continuing connected transaction as defined under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules and disclosed in this annual report.

Waiver from the Stock Exchange and annual review

In relation to the Contractual Arrangements, we have applied to the Stock Exchange pursuant to Rule 14A.105 of the Listing Rules for, and the Stock Exchange has granted, a waiver from (i) strict compliance with the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions under the Contractual Arrangements; (ii) setting a maximum aggregate annual value, i.e. an annual cap, for the fees payable to WFOE from Consolidated Affiliated Entities under the Contractual Arrangements; and (iii) fixing the term of the Contractual Arrangements to three years or less, for so long as our Shares are listed on the Stock Exchange subject to the following conditions:

(a) no change without independent non-executive directors' approval;

(b) no change without independent shareholders' approval;

(c) economic benefits flexibility;

(d) renewal and reproduction; and

(e) ongoing reporting and approvals.

Confirmation from independent non-executive Directors

Our independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that (i) the transactions carried during the year ended December 31, 2022 have been entered into in accordance with the relevant provisions of the Contractual Arrangements, (ii) no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group during the year ended December 31, 2022, (iii) no new contracts were entered into, renewed or reproduced between the Group and the Consolidated Affiliated Entities during the year ended December 31, 2022, and (iv) the Contractual Arrangements were entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, and according to the relevant agreement governing the Contractual Arrangements on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmations from the Company's independent Auditor

The Auditor has confirmed in a letter to the Board that, with respect to the aforesaid continuing connected transactions entered into in the year ended December 31, 2022:

(a) nothing has come to their attention that causes the Auditor to believe that the disclosed continuing connected transactions have not been approved by the Board; and

(b) nothing has come to their attention that causes the Auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements under the Contractual Arrangements governing such transactions; and

(c) with respect of the disclosed continuing connected transactions with Consolidated Affiliated Entities under the Contractual Arrangements, nothing has come to their attention that causes the Auditor to believe that dividends or other distributions have been made by Consolidated Affiliated Entities to the holders of their equity interests which are not otherwise subsequently assigned or transferred to the Group.

AUDITOR

The consolidated financial statements of the Group for the year ended December 31, 2022 have been audited by Ernst & Young, who will retire and, being eligible, offer themselves for re-appointment at the AGM.

IMPORTANT EVENTS AFTER REPORTING PERIOD

Save as disclosed in this annual report, there were no other important events affecting the Company which occurred after December 31, 2022 and up to the date of this annual report.

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

Hong Kong, March 29, 2023

The Board is pleased to present the Corporate Governance Report of the Company for the period from the Listing Date to December 31, 2022.

CORPORATE GOVERNANCE PRACTICES

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 period from the Listing Date up to December 31, 2022, the Company has applied the principles and complied with all the applicable code provisions as set out in Part 2 of the CG Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") except as disclosed below.

Code provision C.5.1 of the CG Code provides that board meetings should be held at least four times a year at approximately quarterly intervals. As the Company was only listed on June 30, 2022, the Company had only held 2 Board meetings throughout the period from the Listing Date and up to December 31, 2022.

Pursuant to code provision C.2.1 of the CG 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 CG Code for the Reporting Period.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG 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 10 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.

BOARD OF DIRECTORS

Board composition

From the date of the Prospectus and up to the date of this annual report, our Board comprises the following:

Name of Director	Membership of Board Committee(s)
Executive Directors:	
Wu Qiang (吳強) (Chairman of the Board)	Chairman of the Nomination Committee Member of the Remuneration Committee
Pan Wei (潘威)	
Li Jin (李晉)	
An Jingbo (安靜波)	
Independent non-executive Directors:	
Weng Yang (翁陽)	Member of the Audit Committee Member of the Nomination Committee
Li Pengtao (李鵬濤)	Chairman of the Remuneration Committee Member of the Audit Committee Member of the Nomination Committee
Li Zhiyong (李志勇)	Chairman of the Audit Committee Member of the Remuneration Committee

The biographical information of the Directors and the relationships between the members of the Board are disclosed under the section headed "Directors and Senior Management" on pages 21 to 25 of this annual report.

None of the members of the Board is related to one another.

Chairman and chief executive officer

The positions of chairman of the Board and Chief Executive Officer are held by Mr. WU Qiang (吳強). The chairman provides leadership and is responsible for the effective functioning and leadership of the Board. Please refer to "Corporate Governance Practices" above for further details.

Independent non-executive Directors

During the Reporting Period, the Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

In order to ensure that independent views and input of the independent non-executive Directors are made available to the Board, the Nomination Committee and the Board are committed to assess the Directors' independence annually with regards to all relevant factors related to the independent non-executive Directors including the following:

- required character, integrity, expertise, experience and stability to fulfill their roles;
- time commitment and attention to the Company's affairs;
- firm commitment to their independent roles and to the Board;
- declaration of conflict of interest in their roles as independent non-executive Directors;
- no involvement in the daily management of the Company nor in any relationship or circumstances which would affect the exercise of their independent judgement; and
- the Chairman meets with the independent non-executive Directors regularly without the presence of the executive Directors.

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers each of the independent non-executive Directors to be independent.

Appointment and Re-election of Directors

In accordance with the Articles of Association, all the Directors are subject to retirement by rotation at least once every 3 years. Any new director appointed by the Board (i) to fill a casual vacancy; or (ii) as an addition to the Board shall hold office until the first annual general meeting of the Company and shall then be eligible for re-election.

Responsibilities, accountabilities and contributions of the Board and management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors of the Board take decisions objectively in the interests of the Company.

The Board directly, and indirectly through its Board Committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged adequate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Continuous professional development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for the Directors would be arranged and reading material on relevant topics would be provided to the Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended December 31, 2022, the key methods of attaining continuous professional development by each of the Directors are recognized as follows:

Name of Director	Participated in continuous professional training[(1)]
Executive Directors:	
Wu Qiang (吳強) (Chairman of the Board)	✓
Pan Wei (潘威)	✓
Li Jin (李晉)	✓
An Jingbo (安靜波)	✓
Independent non-executive Directors:	
Weng Yang (翁陽)	✓
Li Pengtao (李鵬濤)	✓
Li Zhiyong (李志勇)	✓

Notes:

1. Attended training/seminar/conference arranged by the Company or other external parties or read relevant materials.

Board meetings, Board Committee meetings and general meetings

Code provision C.5.1 of the CG Code provides that Board meetings should be held at least four times a year at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide Directors with an opportunity to attend and include matters in the agenda for a regular meeting. For other Board and Board Committee meetings, reasonable notice is generally given. The agenda and accompanying board papers are dispatched to the Directors or Board Committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or Board Committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. As the Company was only listed on June 30, 2022, the Company had only held 2 Board meetings throughout the period from the Listing Date and up to December 31, 2022.

For general meetings, notices of not less than twenty-one days are given for the annual general meeting and fourteen days are given for other general meetings to provide all Shareholders with an opportunity to be familiar with the detailed procedures for the general meeting.

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

Attendance records of Directors

During the Reporting Period, the attendance record of each Directors at Board and committee meetings is detailed in the table below.

	Attendance/No. of Meeting(s)			
Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee
Wu Qiang (吳強)	2/2	N/A	–	–
Pan Wei (潘威)	2/2	N/A	N/A	N/A
Li Jin (李晉)	2/2	N/A	N/A	N/A
An Jingbo (安靜波)	2/2	N/A	N/A	N/A
Weng Yang (翁陽)	2/2	1/1	N/A	–
Li Pengtao (李鵬濤)	2/2	1/1	–	–
Li Zhiyong (李志勇)	2/2	1/1	–	N/A

No general meeting was held during the Reporting Period.

Apart from the regular Board meetings above, the chairman of the Board also held meetings with the independent non-executive Directors without the presence of executive Directors during the Reporting Period.

BOARD COMMITTEES

The Board has established three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee (the "**Board Committees**") for overseeing specific aspects of the Company's affairs. All Board Committees of the Company operate in accordance with the terms of reference established by our Board. The terms of reference of the Board Committees are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

Audit Committee

We have established an audit committee in compliance with Rule 3.21 of the Listing Rules and the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of our Group, review and approve connected transactions and to advise the Board. The Audit Committee comprises three independent non-executive Directors, namely Mr. LI Zhiyong, Mr. LI Pengtao and Ms. WENG Yang. Mr. LI Zhiyong, being the chairperson of the Audit Committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The Audit Committee is responsible for reviewing and monitoring the financial reporting, risk management and internal control systems of the Company, and assist the Board to fulfill its responsibility over the audit. The Audit Committee's duties and powers should include:

- relationship with the Company's external auditors;
- review of the Company's financial information;
- oversight of the Company's financial reporting system, risk management and internal control systems; and
- performing the Company's corporate governance functions.

The terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

The Audit Committee held 1 meeting during the Reporting Period. The following is a summary of work performed by the Audit Committee during the Reporting Period:

- reviewed the interim results announcement and the interim report of the Group for the six months ended June 30, 2022; and
- reviewed the findings and recommendations of the external auditor.

On March 29, 2023, the Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended December 31, 2022 and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and the Auditor. The Audit Committee has also monitored the Group's financial controls, internal control and risk systems, and reviewed the annual audit plan of the external auditor.

Remuneration Committee

We have established a remuneration committee in compliance with Rule 3.25 of the Listing Rules and the CG Code. The primary duties of the Remuneration Committee are to review and make recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management. The Remuneration Committee comprises one executive Director, namely Mr. WU Qiang, and two independent non-executive Directors, namely Mr. LI Pengtao and Mr. LI Zhiyong. Mr. LI Pengtao is the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

The Remuneration Committee has adopted the second model described in paragraph E.1.2(c) under Appendix 14 to the Listing Rules (i.e. make recommendation to the Board on the Company's policy and structure for all Directors' and senior management remuneration). The Remuneration Committee has consulted the chairman of the Board and/or chief executive of the Company about their remuneration proposals for other executive Directors. The Remuneration Committee should have access to independent professional advice if necessary.

The Remuneration Committee shall have the following duties and powers:

- to make recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

- to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

- to make recommendations to the Board on the remuneration packages of individual executive directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

- to make recommendations to the Board on the remuneration of non-executive directors;

- to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

- to review and approve the compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

- to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

- to ensure that no director or any of his/her associates is involved in deciding his/her own remuneration;

- to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules; and

- to consider and implement other matters, as defined or assigned by the Board or otherwise required by the Listing Rules from time to time.

As the Company was listed on the Stock Exchange on the Listing Date, the Remuneration Committee did not hold a meeting or review the Share Incentive Plan during the Reporting Period.

On March 29, 2023, The remuneration of the Directors is reviewed by the Remuneration Committee and approved by the Board. The relevant Director's experience, duties and responsibilities, time commitment, the Company's performance and the prevailing market conditions are taken into consideration in determining the emolument of the Directors. Details of the fees and other emoluments paid or payable to the Directors and the five highest paid employees for the year ended December 31, 2022 are set out in Notes 8 and 9 to the audited consolidated financial statements contained in this annual report.

The remuneration of the members of senior management by band for the year ended December 31, 2022 is set out below:

	Number of members of senior management
Nil to RMB500,000	0
RMB500,001 to RMB1,000,000	5
RMB1,000,001 to RMB1,500,000	0
Total	5

Nomination Committee

We have established a nomination committee in compliance with the CG Code. The primary duties of the Nomination Committee are to make recommendations to the Board regarding the appointment of Directors and Board succession. The Nomination Committee comprises one executive Director, namely Mr. WU Qiang, and two independent non-executive Directors, namely Mr. LI Pengtao and Ms. WENG Yang. Mr. WU Qiang is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

The Nomination Committee shall have the following duties and powers:

- to review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

- to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships;

- to assess the independence of independent non-executive directors;

- to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors (in particular the chairman or chairlady and the chief executive);

- to review the policy on Board diversity (the "Board Diversity Policy") and any measurable objectives for implementing such Board Diversity Policy as may be adopted by the Board from time to time and to review the progress on achieving the objectives; and to make disclosures of its progress its review results in the annual report of the Company annually; and

- where the Board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting.

As the Company was listed on the Stock Exchange on the Listing Date, the Nomination Committee did not hold a meeting during the Reporting Period.

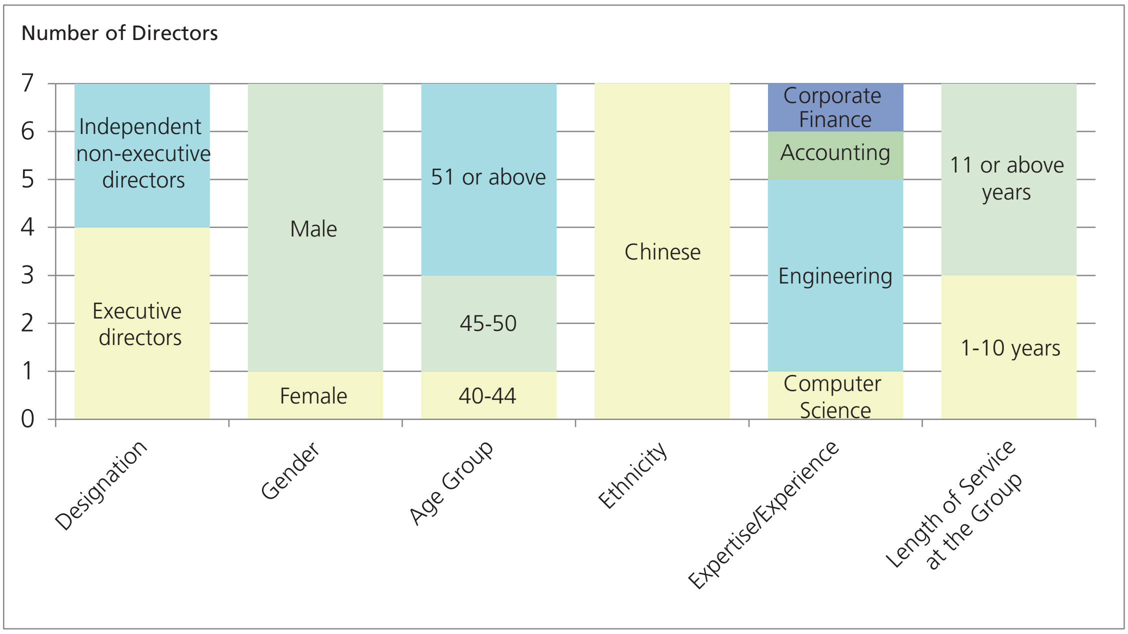
Board Diversity Policy

The Company has adopted the Board Diversity Policy which sets out the approach to enhance the effectiveness of our Board and to maintain high standard of corporate governance. The Board Diversity Policy sets out the criteria in selecting candidates to our Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to our Board.

The Nomination Committee is responsible for reviewing the diversity of the Board. After Listing, the Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness. The Nomination Committee will also include in successive annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives. For the purpose of implementation of the Board Diversity Policy, the measurable objectives adopted include (a) at least one-third of the members of the Board shall be independent non-executive directors; (b) at least one of the members of the Board shall have obtained accounting or other professional qualifications; and (c) at least one of the members of the Board shall be female.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

The following chart shows the diversity profile of the Board as at December 31, 2022.



Gender Diversity

With regards to gender diversity on the Board, we recognize the particular importance of gender diversity. Our Company will take opportunities to increase the proportion of female members of the Board when selecting and recommending suitable candidates for Board appointments to help enhance gender diversity in accordance with stakeholder expectations and recommended best practices. Our Company also intends to promote gender diversity when recruiting staff at the mid to senior level so that our Company will have a pipeline of female senior management and potential successors to the Board. We plan to offer all-rounded trainings to female employees whom we consider to have the suitable experience, skills and knowledge of our operation and business, including but not limited to, business operation, management, accounting and finance, legal and compliance and research and development. We are of the view that such strategy will offer chances for our Board to identify capable female employees to be nominated as a member of the Board in future with an aim to providing our Board with a pipeline of female candidates to achieve gender diversity in our Board in the long run. The Company has held parent-child activities. We believe that such merit-based selection process with reference to our diversity policy and the nature of our business will be in the best interests of our Company and our Shareholders as a whole.

The following table sets out the gender ratio in the work force of the Group, including the Board and senior management as at the date of this annual report:

	Female	**Male**
Board	14.29%	85.71%
Senior management	0.00%	100.00%
Other employees	30.51%	69.49%
Overall workforce	30.19%	69.81%

The Board is committed to improving gender diversity in the Board and wishes to achieve at least above 14.29% of female Directors by the end of 2025.

Details on the gender ratio of the Group together with relevant data can be found in the Environmental, Social and Governance Report on pages 74 to 110.

Based on the Board's review, there was no mitigating factor or circumstance which makes achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

Director Nomination Policy

Our company has adopted a director nomination policy in accordance with the CG Code. The director nomination policy sets out the selection criteria and process and our board's succession planning considerations in relation to nomination and appointment of directors of our company and aims to ensure that our board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of our company's business.

The Nomination Committee shall identify, consider and recommend to our board appropriate candidates to serve as Directors and to make recommendations to our Shareholders. The ultimate responsibility for selection and appointment of Directors rests with our entire board.

The director nomination policy sets out the non-exhaustive factors for assessing the suitability and the potential contribution to our board of a proposed candidate, including but not limited to the following:

- reputation for integrity;
- professional qualifications and skills;
- accomplishment and experience in the industry of our company;
- commitment in respect of available time and relevant interest;
- independence of proposed independent non-executive Directors; and
- diversity of our board in all aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

The director nomination policy also sets out the procedures for the selection and appointment of new Directors and reelection of Directors at general meetings.

The director nomination policy also sets out the criteria for evaluation and recommendation to the Board on the re-appointment of retiring Director(s) and the position(s) of the independent non-executive Directors, and the process and procedures for the nomination of Directors:

- The Secretary of the Nomination Committee shall call a meeting of the Nomination Committee, and invite nominations of candidates from Board members if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by Board members.
- For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.

- Pursuant to the Articles of Association of the Company, if a shareholder wishes to propose a person for election as a Director, such shareholder shall have given a notice in writing of the intention to propose that person for election as a Director and also a notice in writing by that person of his willingness to be elected shall be given to the Company at least seven (7) days before the date of general meeting. Such period for lodgment of the notices shall commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than seven (7) days prior to the date of such meeting.

- A candidate is allowed to withdraw his candidature at any time before the general meeting by serving a notice in writing to the company secretary of the Company.

- The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

The Nomination Committee will review the director nomination policy, from time to time and as appropriate, to ensure its effectiveness.

Corporate governance functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

The Board has performed the duties in corporate governance during the Reporting Period which include:

(a) develop and review the Company's corporate governance policies and practices;

(b) review and monitor training and continuous professional development of the Directors and senior management;

(c) review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(e) review the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company during the Reporting Period.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company, Ernst & Young, about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 111 to 115 of this annual report.

DIVIDEND POLICY

The Company does not have any pre-determined dividend payout ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors, among others, financial results, cash flow situation, business conditions and strategies and future operations and earnings, as set out in the dividend policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to Shareholders' approval.

RISK MANAGEMENT AND INTERNAL CONTROL

We face a variety of risks in our daily business operations, including operational risk, legal and compliance risk, financial reporting risk, human resource risk, credit risk and internal audit risk. We have established risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations, and we are dedicated to continuously improving these systems. The Board is responsible for overseeing the risk management activities and internal control systems and reviewing their effectiveness. These systems are designed to manage, though not entirely eliminate, the risk of failing to achieve business objectives, and provide a satisfactory, albeit not absolute, assurance against material misrepresentations or losses. Our Chief Financial Officer and management also monitor the risks we are faced with and ensure our risk management policies and protocols are effectively implemented.

The Board has completed the review of the effectiveness of the Group's risk management and internal control system for each financial year, and believes that for the year ended December 31, 2022, (a) the Group has adequate and effective internal audit functions to continuously monitor the success of its risk management and internal control system; and (b) the Group's risk management and internal control system is effective.

We have adopted and implemented the following risk management policies and protocols.

Operational Risk Management

We are faced with operational risks relating to our daily operations, which primarily arise from inadequate or failed internal controls and systems, human errors, IT system failures or external events. We consider these operational risks to be the key risks in our business and believe that, with adequate operational policies and procedures, these inherent risks can be controlled and mitigated. We developed a robust risk management system monitoring and addressing risks in our daily operations, such as the management of (1) our internal financial records, (2) company chops, seals and signatures, (3) key properties, and (4) business files.

To ensure the continuity of our business, we have put in place contingency plans for detecting and responding to emergency incidents. In the event of an emergency incident, our contingency plans set out prescribed response protocols applicable to our various business units. We continue to assess the effectiveness of our contingency plans, and would perform reviews after each emergency incident to identify potential areas for improvement. We also conduct regular emergency response drills to ensure our employees are familiar with our response protocols.

Legal and Compliance Risk Management

Our business is subject to regulation and supervision by national, provincial and local government authorities with regard to our business operations, which may be subject to changes. For further details on the applicable laws and regulations in relation to our business operations, please refer to the section headed "Regulations" in the Prospectus. If we fail to comply with these laws and regulations, we may be required to rectify and may incur penalties and losses. During the Track Record Period, we had not been challenged for any material non-compliance incidents by any regulatory authorities.

In addition, we have strengthened our legal and compliance risk management by:

- establishing anti-money laundering and anti-corruption reporting system and anti-fraud system;
- monitoring legal updates, including updates on the interpretation of applicable laws and regulations by relevant regulatory authorities and update our internal protocols and procedures in a timely manner; and
- reiterating the importance of adherence to our operational protocols and procedures to our employees and, in particular, new employees, to ensure effective implementation of our operational protocols and procedures.

We are subject to anti-bribery and anti-corruption laws in China and other jurisdictions we may expand into in the future. We have in place an anti-bribery and anti-corruption policy to safeguard against relevant risks. The policy explains potential bribery and corruption conduct and our anti-bribery and corruption measures. Improper payments prohibited by the policy include bribes, kickbacks, excessive gifts or facilitation payment, or any other payment made or offered to obtain an undue business advantage. We keep accurate books and records that reflect the substance of transactions and asset dispositions in reasonable detail. We will not approve the transactions or payment if the books and records do not reflect the substance of transactions. We plan to hold regular trainings for employees regarding anti-bribery and anti-corruption policy in the future to facilitate better implementation. During the Reporting Period, we were not aware of any bribery or corruption incident involving us or our employees.

Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial reporting management policy, budget management policy, treasury management policy, financial statements preparation policy and finance department and staff management policy. We have various procedures and IT systems in place to implement our accounting policies, and our finance department reviews our management accounts based on such procedures. We also provide regular trainings to our finance department employees to ensure that they understand our financial management and accounting policies and implement them in our daily operations.

Human Resources Risk Management and Whistleblowing Policy

We provide regular and specialized trainings tailored to the needs of our employees in different departments. Our human resource department regularly organizes internal training sessions conducted by senior employees or outside consultants on topics of interest. Our human resource department schedules online trainings, reviews the content of the trainings, follows up with employees to evaluate the impact of such trainings and rewards lecturers for positive feedback they receive. Through these trainings, we ensure that our staff 's skill sets remain up-to-date, enabling them to better meet clients' needs.

We have in place an employee handbook and a code of conduct approved by our management and have distributed them to all our employees. The handbook contains internal rules and guidelines regarding work ethics, fraud prevention mechanisms, negligence and corruption. We provide employees with regular trainings, as well as resources to explain the guidelines contained in the employee handbook.

The Company has also put in place whistleblowing policy and measures for employees and those who deal with the Company to raise concerns, on an anonymous basis, about any non-compliance incidents and acts, including bribery and corruption.

Credit Risk Management

We face credit risks primarily arising from solutions delivered in the VPC model to the extent that our clients fail to perform their payment obligations as provided in the service agreements. We address such credit risks by carefully evaluating the credit profiles, liquidity position and market reputation of potential clients. We are not subject to material credit risks associated with our SaaS model because clients for our SaaS model usually prepay for our services or settle payments with us on a monthly basis.

Internal Audit

We have established an audit committee 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 consists of three members, namely Mr. LI Zhiyong, Mr. LI Pengtao and Ms. WENG Yang, all of whom are independent non-executive Directors. Mr. LI Zhiyong is the chairman of the Audit Committee. For the professional qualifications and experiences of the members of our Audit Committee, see the section headed "Directors and Senior Management" in this annual report .

We also maintain an internal audit department which is responsible for reviewing the effectiveness of internal controls and reporting to the Audit Committee and senior management on any issues identified. Our internal audit department members are required to report to management to discuss any internal control issues we face and the corresponding measures to implement toward resolving such issues. The internal audit department reports to the Audit Committee to ensure that any major issues identified are channeled to the committee on a timely basis. The Audit Committee then discusses the issues and reports to the Board, if necessary.

Inside Information

We have put in place appropriate internal control procedures and to avoid improper handling of inside information which may constitute insider trading or breach of any other statutory duty. At any time, access to inside information is limited to the relevant personnel (i.e. the Directors, senior management and relevant employees of the Company) and as the situation requires until it is disclosed or released in accordance with applicable laws and regulations. Directors, senior management and relevant employees of the Company who are in possession of potential inside information and/or inside information are required to take reasonable steps to ensure that adequate safeguards are in place to ensure the strict confidentiality of inside information and that recipients understand their responsibility to keep the information confidential.

AUDITOR'S REMUNERATION

Set out below is a breakdown of the remuneration paid/payable to the external auditor of the Company, Ernst & Young, in respect of the audit and audit-related services and the non-audit services for the year ended December 31, 2022. The audit and audit-related services conducted by the external auditor of the Company mainly include audit and review services for the Group, and services in connection with the Listing. Non-audit services mainly include listing assistance services provided by reporting accountants, and the review of the Company's Environmental, Social and Governance Report for the year ended December 31, 2022.

Service Category	Fees Paid/Payable
	RMB'000
Audit and audit-related services	1,800
Non-audit services	750
Total	2,550

JOINT COMPANY SECRETARIES

Mr. WANG Huan (王歡), one of our joint company secretaries, is the head of our Securities Legal Department since November 2020. The biographical information of Mr. Wang is disclosed under the section headed "Directors and Senior Management — Joint Company Secretaries" on page 24 of this annual report.

Mr. LUI Wing Yat Christopher (呂穎一), one of our joint company secretaries, is a senior manager of corporate services of Tricor Services Limited. The biographical information of Mr. Lui is disclosed under the section headed "Directors and Senior Management — Joint Company Secretaries" on page 25 of this annual report.

Mr. LUI's primary contact person at the Company is Mr. WANG Huan (王歡), the head of our Securities Legal Department.

During the year ended December 31, 2022, Mr. Wang and Mr. Lui have complied with Rule 3.29 of the Listing Rules and taken no less than 15 hours of relevant professional training.

CHANGES IN CONSTITUTIONAL DOCUMENTS

The Company's amended and restated memorandum and articles of association were adopted on June 16, 2022 and became effective on the Listing Date. The said amended and restated memorandum and articles of association is available on the Company's website and the Stock Exchange's website. During the year ended December 31, 2022, the said amended and restated memorandum and articles of association did not have any change.

SHAREHOLDERS' RIGHTS

In order to ensure that shareholders' interests and rights are adequately protected, separate resolution should be proposed for each substantially separate issue at general meetings of the Company, including the election of individual Directors. All resolutions put forward at general meetings of the Company will be voted on by poll pursuant to the Listing Rules and poll results announcement will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening an extraordinary general meeting by Shareholders

Pursuant to Article 64 of the Articles, the Board may, whenever it thinks fit, convene an extraordinary general meeting. One or more Shareholders holding, as at the date of deposit of the requisition, in aggregate not less than one-tenth of the voting rights (on a one vote per share basis) in the share capital of the Company may also make a requisition to convene an extraordinary general meeting and/or add resolutions to the agenda of a meeting. Such requisition shall be made in writing to the Board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting forward proposals at general meetings

Shareholders who wish to put forward proposals at extraordinary general meetings may refer to the preceding paragraph to add resolutions to the agenda of a meeting.

Putting forward enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address:	28-29/F, No.1 Building, 2nd Compound Ronghua South Road, Beijing Economic and Technological Development Zone, Beijing, PRC (For the attention of the Board of Directors/Company Secretary)
Email:	IR@ti-net.com.cn

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. The information of the Shareholder(s) may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make the informed investment decisions.

The Company endeavors to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. The Chairman of the Board and the chairmen of Board Committees will attend the annual general meeting to answer Shareholders' questions. The external auditor will also attend the annual general meeting and use all reasonable endeavours to answer enquiries about conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

The Company has in place a shareholders' communication policy to ensure that shareholders' views and concerns are appropriately addressed. The policy aims at promoting effective communication with shareholders and other stakeholders, encouraging shareholders to engage actively with the Company and enabling shareholders to exercise their rights as shareholders effectively. The Company has reviewed and considered the implementation of the Shareholders' communication to be effective during the Reporting Period.

The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders as follows:

(a) Corporate Communication

"Corporate Communication" as defined under the Listing Rules refers to any document issued or to be issued by the Company for the information or action of holders of any of its securities, including but not limited to the following documents of the Company: (a) the Directors' report, annual accounts together with a copy of the auditor's report and, where applicable, its summary financial report; (b) the interim report and, where applicable, its summary interim report; (c) a notice of meeting; (d) a listing document; (e) a circular; and (f) a proxy form. The Corporate Communication of the Company will be published on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) in a timely manner as required by the Listing Rules. Corporate Communication will be provided to Shareholders and non-registered holders of the Company's securities in both English and Chinese versions or where permitted, in a single language, in a timely manner as required by the Listing Rules, Shareholders and non-registered holders of the Company's securities shall have the right to choose the language (either English or Chinese) or means of receipt of the Corporate Communication (in printed form or through electronic means).

(b) Announcements and Other Documents pursuant to the Listing Rules

The Company shall publish announcements (on inside information, corporate actions and transactions etc.) and other documents (e.g. Memorandum and Articles of Association) on the Stock Exchange's website in a timely manner in accordance with the Listing Rules.

(c) Corporate Website

Any information or documents of the Company posted on the Stock Exchange's website will also be published on the Company's website (https://www.ti-net.com.cn/). Other corporate information about the Company's business developments, goals and strategies, corporate governance and risk management will also be available on the Company's website.

(d) General Meetings

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. An annual general meeting of the Company shall be held each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting.

ABOUT THE ESG REPORT

This is the Environmental, Social and Governance ("**ESG**") report of TI Cloud Inc. (hereinafter "**the Company**", "**Our Company**", "**we**", or "**TI Cloud**") (the "**ESG Report**"). Adhering to the principles of materiality, quantitative, balance and consistency, the ESG Report focuses on disclosing and showcasing the Company's concept, significant progress and performance in fulfilling its ESG responsibilities in 2022. It is a true reflection of the Company's active fulfillment of its economic, social and environmental responsibilities to achieve comprehensive, coordinated and sustainable development.

REPORTING SCOPE

Unless otherwise specified, the ESG Report covers the actual business scope of TI Cloud Inc. for the period from 1 January 2022 to 31 December 2022 ("**the year**").

REPORTING PRINCIPLES

The Company has prepared the ESG Report in accordance with the Environmental, Social and Governance Reporting Guide (the "**Guide**") set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited issued by the The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**"). The ESG Report has complied with all "comply or explain" provisions in the Guide, and is prepared based on the principles of materiality, quantitative, balance and consistency in the Guide.

Materiality: In accordance with the requirements of the ESG Reporting Guide and other relevant principles of the Hong Kong Stock Exchange, combined with the capital market's concerns about the Company's sustainable development, TI Cloud communicated with various stakeholders via different channels, and then identified the ESG issues related to the Company based on a benchmarking analysis of the issues disclosed in the reports of companies in the same industry.

Quantitative: TI Cloud established standardized ESG indicator management tools to conduct regular statistics on quantitative key disclosure indicators involving the whole "Environmental" scope and the partial "Social" scope from the ESG Reporting Guide. Statistical data was summarized during the year and finally form the ESG Report for disclosure. ESG quantitative data is detailed in sections of the ESG Report.

Balance: The ESG Report provides an unbiased picture of the Group's environmental and social performance.

Consistency: The ESG Report adopts consistent disclosure statistical methods and further details part of disclosure categories corresponding to the ESG reporting guide of the Hong Kong Stock Exchange. The Company will ensure that the disclosure scope and reporting methods of the ESG Report are generally consistent every year.

ESG STATEMENTS OF THE BOARD

The Board of TI Cloud highly recognizes the importance of sustainable development and ESG management to the long-term stable operation of the Company. It recognizes and assumes full responsibility for ESG strategy and reporting, and is the supreme decision-making body for the Company's ESG work. The Board considers the Company's sustainable development strategy, objectives and risks, reviews the progress of ESG objectives, monitors ESG related matters that may affect the Company's business or operations, shareholders and other stakeholders, and supervises the commitment and performance of ESG key issues, so as to realize more independent, efficient and professional ESG management of the Board, ensure the integration of ESG concepts and the Company's policies, and explore a new sustainable development model that combines ESG with the Company's business.

The Board has discussed and made it an ESG priority to discuss and incorporate the management and improvement of material issues into the Company's overall strategy, while overseeing their management and performance.

TI Cloud is dedicated to integrating sustainable development into its corporate strategy. The Company has incorporated core ESG strategies as an essential component of its development planning system and integrated it into its development and operational philosophy. Leveraging the support of its primary business, the Company establishes ESG action targets and improvement directions by combining regulatory requirements, industry characteristics, and corporate reality, to promote the achievement of strategic objectives. The Company has assigned ESG work responsibilities to each level and unit based on the ESG strategy, established a communication mechanism between different levels to ensure coordination and alignment, and regularly updated and improved the working mechanism to gradually develop an efficient ESG governance system.

The ESG Report discloses in detail the progress and effectiveness of TI Cloud's ESG efforts in 2022 and was considered and approved by the Board.

ESG MANAGEMENT

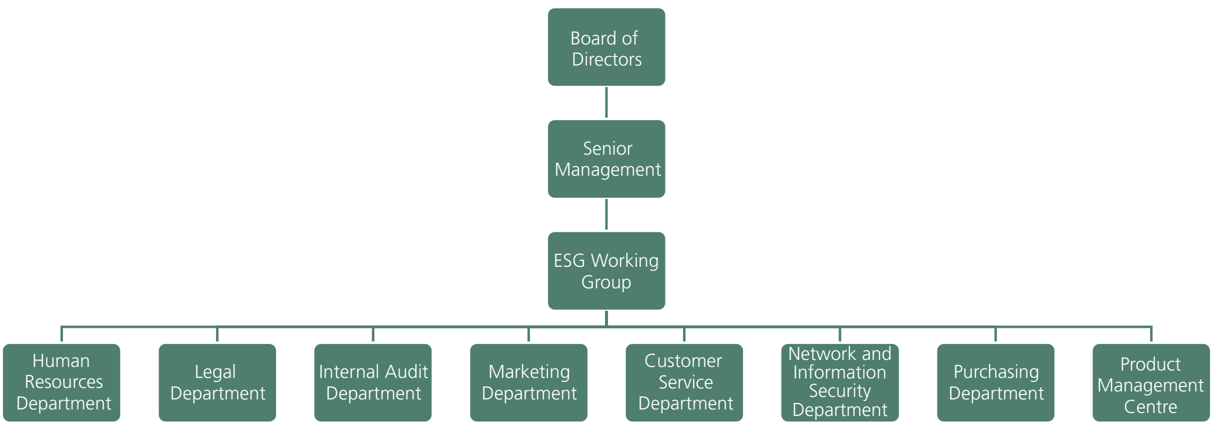
Driven by a corporate culture of "openness, collaboration, and self-criticism" and guided by the needs of our stakeholders, TI Cloud is committed to promoting the organic integration of sustainable development concepts with ESG issues, thereby creating long-term value for our stakeholders.

TI Cloud remains committed to promoting sustainability in its corporate development, with a particular focus on energy conservation, environmental protection, and employee safety. Through these efforts, the Company aims to achieve its vision of "becoming the most trusted partner in customer contact sector".

With the Board as the main supervisory and guidance body, the Company is deeply involved in ESG-related issues and policies such as employment, development and training. In the future, the Board will actively join hands with third-party organisations to conduct ESG-related risk assessments on a regular basis, and gradually improve the corporate ESG strategy and direction based on the assessment results, in order to move forward on the sustainable development.

ESG GOVERNANCE STRUCTURE

We have established a three-tier ESG governance structure from top to bottom to support the sustainable development of the Company. The Board, assisted by senior management, oversees environmental, social and governance issues, and ESG working groups from various functions are responsible for carrying out specific ESG management tasks and providing regular reports and feedback to senior management.



STAKEHOLDER COMMUNICATION

TI Cloud attaches great importance to the impact of its operations on its stakeholders, and is committed to receiving views and suggestions from stakeholders through a variety of communication channels and responding to their reasonable needs in a timely manner. By maintaining close and friendly cooperation with stakeholders, TI Cloud aims to enhance its sustainable development capabilities continually.

The Company regards communication and cooperation with stakeholders as a crucial aspect of our sustainable development capabilities. We have established an efficient and diverse communication and feedback mechanism to promptly understand and address the demands and suggestions of our stakeholders, thus contributing to the sustainable development of society.

Type of Stakeholders	Focus of Attention	Communication and Response
Governments and regulatory authorities	Compliant operation and tax payment in accordance with law Response to national policies Project cooperation	Constantly improve the management of corporate compliance Implement relevant requirements of national policies Promote employment
Employees	Employee health and safety Employee work-life balance Training and development	Employee forums Collective negotiation
Suppliers and partners	Multi-partnership and ecosystem Business ethics and integrity Supplier ESG management Value sharing	Business communication Customer feedback
Investors and shareholders	Good corporate governance Intellectual property protection Responsibility culture building	Company announcements Field trips
Product users	Customer rights protection Product deployment and technology innovation Responsible marketing	Company official website Interview
Social institutions	Product social value Community contribution Climate change response and management Energy and resource use and management	Company official website Company announcements

MATERIALITY ASSESSMENT

Combining with peer benchmarking results and relevant expert analysis, TI Cloud has carried out screening, evaluation and disclosure of material issues in line with the current market trend to plan its future development direction. Based on the recommendations from our management, we prioritized the selected issues by referring to ESG-related standards and guidelines, advices from internal and external experts, and multimedia information analysis. We further reviewed the materiality matrix based on external development trends and the characteristics of our own business operations, and adjusted the importance of some issues according to the degree of disclosure and boundaries of the issues to ensure the timeliness and rationality of the materiality matrix, and draw out TI Cloud's ESG materiality matrix 2022.

SCREENING PROCESS OF ESG ISSUES

Issue Sources
Recommendations from the management of the Company Analysis and advices from internal and external experts Multimedia information analysis Peer benchmarking research ESG-related standards and guidelines
Screening Criteria
Contribution to sustainable development Common concerns of stakeholders Standards for important issues under ESG-related guidelines Meet the Company's strategic development needs

Identify ESG issues	Assess the materiality of ESG issues	Confirm the assessment results
Identify ESG issues relevant to the Group in accordance with the requirements of the ESG Reporting Guide, and in line with peer benchmarking and expert research and judgement.	Understand the appeals and expectations of different stakeholders based on the communication with our management, employees and other stakeholders in the daily operations, conduct interviews with departments of the Company in relation to key issues following peer benchmarking and trend analysis and determine the ranking and materiality matrix of important issues.	The Company's management and the ESG Working Group review the materiality assessment results and finally confirm the assessment results.

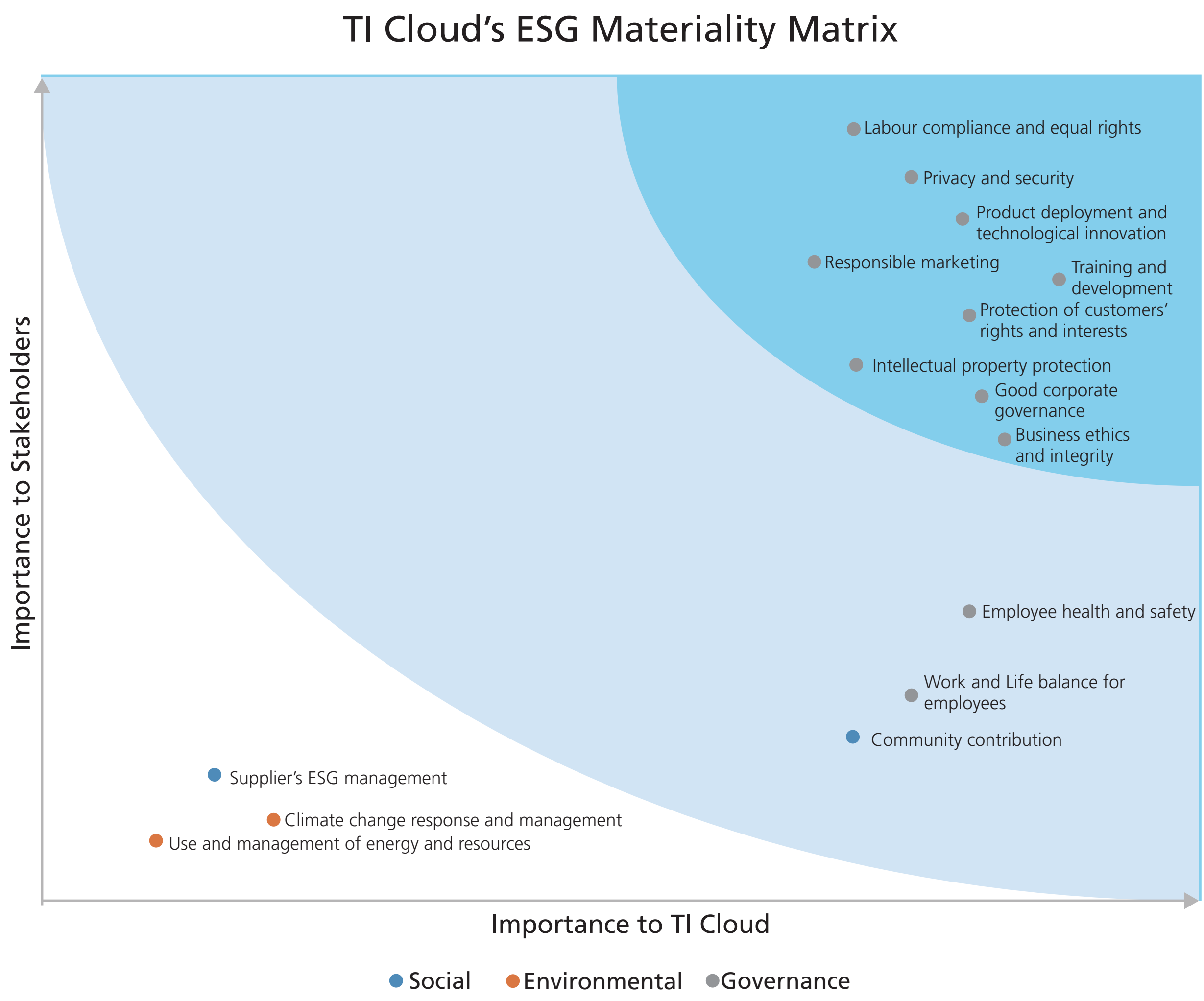


Figure: TI Cloud's ESG materiality matrix 2022

I PURSUING QUALITY EXCELLENCE

As a full-cycle customer contact cloud platform company listed on the Hong Kong Stock Exchange, TI Cloud has always been committed to its mission of "making customer contact a better experience, with improved efficiency" and strives to fulfill its social responsibility for sustainable development through high quality products and excellent services. Adhering to the "customer-oriented" service concept, the Company is committed to enhancing customer satisfaction through practical actions, practicing technology innovation and rewarding the trust of its stakeholders with steady operation, striving to become the strongest integrated provider in the field of customer contact in China.

1.1 Products and Innovation

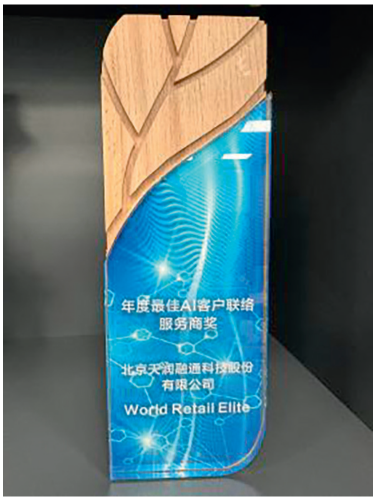
Over the past decade, with solid product capabilities, comprehensive service support and continuous technology innovation, TI Cloud has helped numerous well-known enterprises to upgrade their customer contact platforms and build a more complete and competitive service system, thereby helping them to sustain their brand vitality in the market. In the future, we will pursue a broad vision and high benchmarking, widely absorb the latest technology achievements in the field of information and communications, learn from the best companies around the world with an open mind, and develop a leading core technology system on an open, cooperative and sustainable basis.

Honors and Accreditations in 2022:

Best Customer Service SaaS Provider

Leapfrog Award for Overall Strength in Digital Manufacturing Solutions

Technology Innovation Award for Excellence in Full-cycle Marketing Services of the Year



Best AI Customer Contact Service Provider of the Year

Best Call Centre Service Provider

Grasping the development opportunities arising from China's digital transformation, TI Cloud insists on pioneering innovation and independent research and development capabilities. The Company further developed and optimised more secure and reliable technology products and promoted the development of domestic technology, striving to build a more secure and stable technology ecology. In 2022, as the efficient upgrade and iteration of the platform kept pace with customers' business development, TI Cloud made 61 upgrades and iterations for customers and generated over 1,100 product innovations and optimised features.

Case: "Tianrun CTI-Cloud Call Centre System V1.0" obtained compatibility certification

In 2022, TI Cloud's self-developed "Tianrun CTI-Cloud Call Centre System V1.0" successfully completed the compatibility certification with UOS Desktop Operating System V20. This authoritative certification marks another milestone of TI Cloud in technology and demonstrates TI Cloud's continuous breakthroughs and innovations in products and technologies. Following the completion of Huawei Cloud Kunpeng certification, Dameng Database certification, and Kirin Software Feiteng Edition and Kirin Software Kunpeng Edition technical certification, TI Cloud has taken a further step in manufacturing products domestically.


统信软件技术有限公司
UnionTech Software Technology Co., Ltd.

统信软件产品互认证明

认证日期:2022年06月27日　　认证编号:CERT20220627028

【认证产品】

统信桌面操作系统V20（统信软件技术有限公司产品）
天润CTI-Cloud呼叫中心系统 V1.0（北京天润融通科技股份有限公司产品）

【认证结论】

针对上述产品的功能、兼容性方面，通过共同严格测试表明：天润CTI-Cloud呼叫中心系统 V1.0在统信桌面操作系统V20上整体运行稳定，满足功能及兼容性测试要求。

CPU平台：飞腾FT-2000，腾锐D2000，鲲鹏920，麒麟9006C，麒麟990，麒麟CVE300

统信软件技术有限公司　　北京天润融通科技股份有限公司

TI Cloud attaches great importance to the management of intellectual property rights and has established an Intellectual Property Management System (《知識產權管理制度》) in accordance with relevant laws and regulations and in line with the actual situation of the Company. The Company has continuously strengthened the declaration, management, protection and utilisation of intellectual property rights and implemented a proactive intellectual property protection policy to effectively protect its in-house technologies while avoiding the risks associated with intellectual property rights.

TI Cloud respects the intellectual property rights of others, regularly conducts information and infringement searches, utilises the early warning mechanism to avoid the risk of infringement, prevents and reduces the occurrence of intellectual property disputes in a timely and effective manner, and deals with infringments in accordance with related laws and regulations. At the same time, we encourage our technical staff to invent and create, stimulate technology innovation, and continuously improve our intellectual property incentive mechanism.

Number of patents awarded	18
Software copyrights	50
Trademark registration certificates	61

Case: TI Cloud was granted the patent for invention of "Methods and devices requested for cloud-based services"

On February 1, 2022, China National Intellectual Property Administration issued an authorisation notice that the patent certificate for invention of "Methods and devices requested for cloud-based services" was granted to TI Cloud. The patent is mainly applied to a cloud platform with a calling application for cloud-based services and cloud-based services for requestors' business program, which can mitigate the complexity of cloud service requestors to obtain cloud-based services and reduce the resources required for obtaining cloud-based services.


证书号第4912404号

发明专利证书

发 明 名 称：云服务请求方法和装置

发 明 人：吴强；安静波；高智辉

专 利 号：ZL 2019 1 1019563.4

专利申请日：2019年10月24日

专 利 权 人：北京天润融通科技股份有限公司

地 址：100176 北京市北京经济技术开发区荣华南路2号院1号楼2 901

授权公告日：2022年02月01日　　授权公告号：CN 110650216 B

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Photo: Patent for invention of
"Methods and devices requested for cloud-based services"

1.2 Quality Control

TI Cloud strictly complies with national laws and regulations, and regards the construction of quality management system for products and services as the focus of work. We have established the Product Quality Management System (《產品品質管理制度》) and passed the ISO 9001 quality management system certification.

TI Cloud, always taking satisfaction of customer demands, optimised customer experience and contribution to customer success as the first of its starting point, provides superior quality products and services that are closely aligned with customers' potential and manifest needs. We are committed to providing customers with high quality products, and have established a management organisation with quality managers as the main executives and the relevant department managers as the first responsible person to ensure quality compliance of a particular product or project. We conduct comprehensive control on product quality in all aspects such as project documentation, processes, testing and products, to meet customer demands.

TI Cloud makes its best efforts to secure its products' long-term foothold in the market. We have developed a dedicated management process for product development and iteration, with a two-week cycle and nine stages of project planning, requirements analysis, design, development, testing, implementation, acceptance and maintenance for each cycle. Through steps including logical design, physical design, user training and trial use during the course of implementation, the product quality is under complete, comprehensive and multi-level control. During the year, we did not violate any laws and regulations relating to the quality of our products and services that have a significant impact on the Group.

1.3 Quality Service

Always adhering to the vision of "emerging as the most trustworthy partner in the field of customer contact", TI Cloud has formulated the Duty Standardisation of Customer Service (《客服工作職責規範》), and always takes satisfaction of customer demands, optimised customer experience and contribution to customer success as the first of its starting point. We always pay attention to the services required by customers, analyse the needs of different customer groups, upgrade our customer service capabilities by leveraging digital intelligence and enhance the sense of customer satisfaction with practical actions.

Service guarantee

We continue to develop new customers and consolidate existing customers. By signing Service Level Agreements (SLAs) with our customers, we lay a solid foundation for the continuous development of our business and provide sufficient guarantee for achieving customer satisfaction.

Figure: Content of service guarantee

TI Cloud has standardised customer service processes and defined the responsibilities of the relevant departments to provide high quality services for customers through multi-department collaboration. In 2022, we increased efforts in the promotion and application of online customer service channels, not only providing an online customer service channel portal on the official website, but also adding an online customer service portal on the software application, in order to enable customers to access our manual online customer service portal quickly when encountering problems with our software, significantly improving the efficiency of solving customer problems.

Customer complaint handling

TI Cloud pays close attention to customers' experience of using products and services, so as to establish a customer complaint handling process, which may improve service quality on the basis of ensuring product quality, and actively and properly handle customer complaints for constantly improving customer satisfaction. In 2022, a total of 8 confirmed complaints have been submitted to the responsible department for handling according to the complaint handling process, with the complaint resolution rate of 100% and the customer satisfaction of 100%.

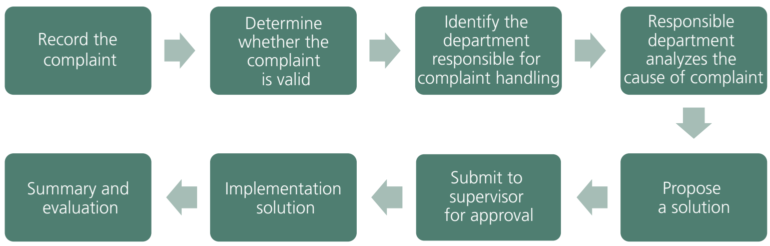

Figure: Customer complaint handling process

Protection of customer privacy

Fully aware of the importance of users' personal information security, TI Cloud strictly abides by national laws and regulations such as the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人資訊保護法》), the Information Security Technology and Personal Information Security Specifications (《資訊安全技術個人資訊安全規範》), and has formulated the Personal Information Protection Policy (《個人資訊保護政策》) to continuously strengthen the awareness of privacy and strove to protect each customer's information security. In 2022, the Company had no incidents related to customer privacy violations.

Principle of protecting customer privacy
Principle of unity in authority and responsibility
Principle of clear purpose
Principle of informed consent
Principle of minimum necessity
Principle of ensuring safety
Principle of subject participation
Principle of openness and transparency

1.4 Information Security

TI Cloud attaches great importance to information security and data privacy protection, and strictly abides by the Internet Security Law of the People's Republic of China (《中華人民共和國網絡安全法》), the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》) and other laws and regulations. The Company has established systems such as the Information System Vulnerability Management Regulations (《資訊系統漏洞管理規定》), the Data Security Management Measures of TI Cloud (《天潤雲數據安全管理辦法》), and the Data Security Management Rules for Partners of TI Cloud (《天潤雲合作方數據安全管理細則》). The Company implemented strict management process within the Company, and has obtained the certification of ISO 27001 Information Security Management System. In 2022, the Company had no major cyber security and business information leaks.

In order to effectively implement the data security management for information security, the Company internally set up a sound data security organization, and put all kinds of data security work on the ground, including strengthening the construction of data security management system, continuous optimization and improvement work, and implementing audit supervision and inspection to reduce the data security risks faced by the Company, thereby ensuring the legal compliance of the business and the operation of security systems.

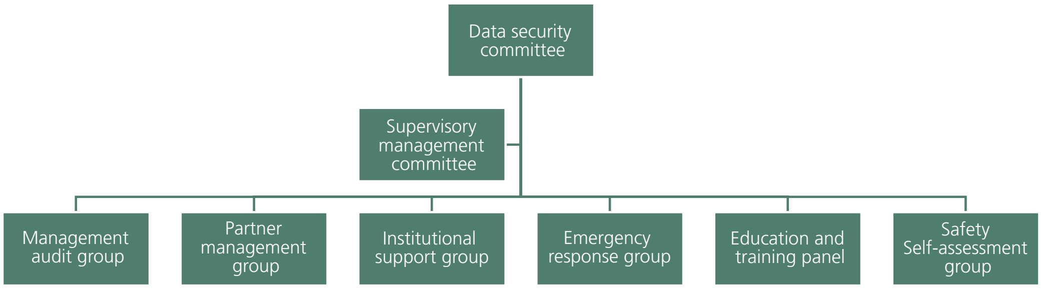

Figure: Data security organization architecture

The Company continued to standardize the use of information systems and required employees to sign the Commitment of Data Security and Confidentiality of TI Cloud (《天潤雲數據安全保密承諾書》). In order to strengthen employees' awareness of information security and confidentiality, we carry out annual trainings on code security, security awareness, security skills, security specialty, etc., to have cyber security protection in place and eliminate security risks.

II COMPLIANCE AND PRUDENT OPERATION

TI Cloud always adheres to the law and compliance operation, demands the employees and itself with the highest standards of business ethics, creates a corporate culture of integrity, responsibility and self-criticism, develops a clean, honest and progressive team, builds a sunny, responsible, stable and orderly supply chain, and eventually lays a foundation for the Company to achieve long-term and stable development.

2.1 Business Ethics

TI Cloud strictly complies with the relevant requirements of laws and regulations, constantly improves the corporate governance mechanism, improves the internal management system, carries out ethical publicity training, and implements intigrity and compliance supervision and inspection, all of which may guarantee the overall business ethics of the Company.

Anti-corruption

TI Cloud has zero tolerance towards any commercial corruption behaviors. According to the Civil Code of the People's Republic of China (《中華人民共和國民法典》), the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Anti-monopoly Law of the People's Republic of China (《中華人民共和國反壟斷法》), the Anti-unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》) and other relevant laws and regulations, the Company has formulated a series of internal management systems, including the Anti-corruption Reporting Management System (《反腐敗廉潔舉報管理制度》), the Anti-fraud System (《反舞弊反欺詐制度》), and the Anti-money Laundering System (《反洗錢制度》), to provide institutional guarantees for the Company's integrity operation. During the year, we did not violate any laws and regulations relating to bribery, extortion, fraud and money laundering that have a significant impact on the Group.

In order to fully implement the management of integrity and compliance, TI Cloud adheres to the principle of "unified leadership, division of labour and responsibility, engagement of all staff, and whole-process participation", and establishes and improves a top-down compliance management system. The management of the Company is responsible for coordinating and managing compliance affairs, regularly updating work plans, revising relevant system and appointing direct officials to ensure the clarification and clear division of responsibility under the compliance management system. The business department implements compliance management in all business areas and workflows according to the guidance of the management of the Company, and regularly reports on the implementation to the management to ensure the orderly and efficient operation of the compliance management system.

TI Cloud attaches great importance to cultivating employees' business ethics and compliance awareness. In addition to the anti-corruption and integrity training provided to new employees, the Company has developed business ethics training plans of different themes for different types of employees targeting high-frequency situations in relation to compliance in their actual work, so as to regularly consolidate employees' compliance principle and integrity awareness, and continuously improve the overall business ethics level of the Company. In 2022, 100% of new employees received compliance training, each completed 1 hour of training on average.

Case: TI Cloud conducted anti-corruption training of multiple themes

In 2022, TI Cloud conducted two anti-corruption training sessions for the Board in accordance with the Company's development plan and business situation, covering the Listing Rules, the Hong Kong Securities and Futures Ordinance, the Hong Kong Companies Ordinance, the Anti-corruption Reporting Management System, the Anti-fraud System, and the Anti-money Laundering System, effectively strengthening the compliance awareness of the Directors of our Company. In addition, with a focus on daily business operation process, the Company conducted 5 business ethics education and training sessions for all employees in relation to the Anti-corruption Reporting Management System, the Anti-fraud System, and the Anti-money Laundering System. A total of 204 employees participated in the training. TI Cloud conducted business ethics training of multiple themes based on the compliance related scenarios of different positions, providing clear guidance for the overall compliance operation of the Company and the normal operation of specific businesses.

TI Cloud promises to handle complaints and reports of misconduct against the Company and its employees in a fair and honest manner. The Company has a public email in place to encourage employees, suppliers, customers and other stakeholders to report all violations of the Company and its employees in accordance with the law. Upon receiving the reported information, according to the standard acceptance process, the Company records relevant key points in detail through written records or similar means to ensure the accuracy and completeness of the minutes. For multiple whistleblowers reporting the same incident, the Company integrates and organizes the information to provide clues for subsequent investigation to the greatest extent possible. The internal audit department of the Company is responsible for the follow-up investigation and verification of the reported content. Once verified, the internal audit department will propose handling opinions such as warning conversation, circulating criticism, demerit recording, performance deduction, position adjustment, persuasion and dismissal in accordance with laws, regulations, and internal systems. In serious cases, criminal responsibility will be pursued. The internal audit department will report the handling opinions to the general manager for determination, and archive the entire process of investigation and handling of the reported information for future reference and review. To ensure that the reported incident is handled fairly and properly, the Company grants the respondent the right to raise objections to the handling opinions, and the internal audit department is responsible for the follow-up investigation of the objections. The Company strictly protects the information of whistleblowers and prevents them from being retaliated for reflecting the true situation. For whistleblowers who make outstanding contributions, the Company provides cash and other forms of rewards.

In 2022, TI Cloud maintained its high standards and strict requirements in anti-corruption affairs, and was not aware of any corruption related proceedings.

Supervision and audit

TI Cloud actively controls the internal risks of enterprises and carries out supervision and auditing. The Company has formulated management measures such as Internal Control Manual (《內控手冊》) and Internal Control Management Measures (《內部控制管理辦法》), established management systems such as Internal Audit System (《內部審計制度》) and Outgoing Audit System (《離任審計制度》), and established an internal audit department to organize and carry out relevant work, so as to build a institutionalized and systematic system for the risk management of the Company.

The Company's internal audit department regularly organizes self-inspection regarding internal control, and provides a unified self-inspection lists to all business departments, branches and subsidiaries. Each unit carries out such self-inspection according to the list and reports the relevant results. After receiving the such results, the internal audit department conducts targeted and random inspections of each unit based on the characteristics of different functions and businesses. In view of the risks and internal control issues found in the inspection, the internal audit department shall establish a special work group to give rectification opinions and track the rectification results to ensure those potential risks eliminated in a timely manner and internal control issues solved.

2.2 Responsible Supply

TI Cloud is committed to building a sunny and transparent business environment, advocating fair, open and just competition, and striving to build a better and more efficient procurement system. Through continuous optimization of supplier management, promoting supplier certification and strengthening supplier communication, the Company works with supplier partners to build a responsible and sustainable supply chain.

Supplier management

TI Cloud implements full life cycle management for all suppliers. The Company has formulated a series of supplier management systems such as Procurement Management System (《採購管理制度》) to standardize supplier access, assessment, exit and other processes, and encourages suppliers to continuously improve product quality and service levels to maintain the stable and orderly operation of the Company's supply chain. In 2022, a total of 275 suppliers complied with the Procurement Management System of TI Cloud, including 246 from mainland China and 29 from Hong Kong, Macao, Taiwan and overseas.

Table: Number of suppliers of TI Cloud

Types		Number
Total		275
By regions	Mainland China	246
	Hong Kong, Macao, Taiwan and overseas	29

During the supplier selecting, TI Cloud conducts multi-dimensional assessment of suppliers, covering key elements such as price, service and quality, to screen out potential suppliers meeting the requirements after comprehensive evaluation. After the supplier is admitted to the list, the Company regularly conducts research on the supplier's quality of product and service through collecting first-hand information such as employee feedback, obtaining an effective evaluation of the supplier's authenticity and credibility. Then the Company will formulate the potential cooperation plan after takinge into account of performance of the supplier in other fields. TI Cloud has a exit procedure for suppliers not meeting the requirements to ensure the overall level of the Company's supply chain.

In terms of supplier management, TI Cloud not only concerns the quality of products and services provided by suppliers, but also their environmental and social risks. We will give priority to suppliers with outstanding reputation in the industry, ISO and other qualification certifications and PMP qualification certifications of relating personnel for cooperation. In addition, when procuring IT assets, office materials and other physical materials, we will give priority to products with energy-saving and environmental labels or certifications, such as energy-saving electronic equipment.

TI Cloud actively maintains mutual communication with supplier partners. The Company regularly feedback the evaluation results and improvement suggestions to suppliers and discuss solutions to difficult problems in actual cooperation to formulate practical measures, so as to achieve win-win development.

Anti-bribery provisions

TI Cloud insists on transparent and environmental friendly procurement. By reference to the Bidding Law of the People's Republic of China (《中華人民共和國招標投標法》), the Regulation on the Implementation of the Bidding Law of the People's Republic of China (《中華人民共和國招標投標實施條例》) and relevant laws and regulations, the Company has formulated the Integrity Agreement (《廉潔協議》) for all supplier partners and asks them to sign before being admitted into the list. TI Cloud actively assumes transaction responsibilities by encouraging supplier partners to supervise the Company's procurement process and advocating suppliers to perform their responsibilities together, to nurture a healthy cooperative relationship.

III IMPLEMENTING THE CONCEPT OF LOW CARBON

Adhering to the policy of sustainable development, TI Cloud fulfills its solemn commitment to protecting the environment in all aspects from the office to employee commuting as well as from energy conservation and emission reduction to recycling and reuse. The Company proactively carries out green operation by actively responding to the climate change and striving to achieve low-carbon transformation, so as to facilitate the green development of society. During the year, we did not violate any laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that have a significant impact on the Group.

3.1 Green Operation

TI Cloud proactively implements the green concept during its daily operation. In compliance with the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》), Law of the People's Republic of China on Prevention of environmental Pollution Caused by Solid Waste (《中華人民共和國固體廢棄物污染環境防治法》) as well as other laws and regulations, the Company focuses on the sustainable development factors during its operation, with an aim to improve the energy efficiency, reduce waste discharge, and build an environment-friendly operation model.

Energy conservation and consumption reduction

TI Cloud carries out energy-saving actions in various aspects at the office. The Company posted energy-saving reminders on its internal online community to urge its employees to turn off the lighting, air conditioning and other electrical equipment at the office in time after use. The Company also promotes the online internal approval process and advocates paperless operation, so as to reduce the use of paper documents. The Company strengthens the daily management and regular maintenance of water equipment to eliminate the waste of water resources such as water dripping and running water. Meanwhile, the Company has put paper recycling boxes in the office area to encourage employees to reuse paper and minimize the paper consumption.

Photo: Reminder of electricity saving and paper recycling boxes

Table: Energy and resource usage of TI Cloud

Type of energy	Unit	2022
Purchased electricity	KWh	271,739
Total energy consumption	tonnes of standard coal	33.4
Energy consumption intensity	tonnes of standard coal/ million revenue	0.09
Total water consumption of municipal water supply	tonnes	8.5
Water consumption intensity	tonnes/million revenue	0.02

Table: Waste discharge of TI Cloud

Name of indicators		Unit	Data
Non-hazardous waste	Office Paper	tonnes	0.9
	Other waste generated	tonnes	0
Non-hazardous waste intensity		tonnes/million revenue	0.0023
Hazardous Waste		tonnes	0
Hazardous Waste intensity		tonnes/million revenue	0

In order to effectively promote energy conservation and emission reduction, TI Cloud organizes awareness promotion and skill-sharing activities for all employees. The company has set up daily promotions for saving electricity and paper to strengthen employees' awareness of energy conservation. The Company also conducts special training on garbage sorting to teach employees garbage sorting standards, thereby facilitating the implementation of sustainable concepts throughout the Company.

Waste management

The waste generated by TI Cloud mainly derives from the garbage generated by daily office, including waste paper and waste batteries. We actively fulfill the relevant policy requirements by strictly sorting office waste. The recyclable waste is recycled and disposed of by a third party, while the non-recyclable waste is regularly cleaned up by the property, so as to strengthen the material recycling and reduce the waste generated. In 2022, the Company put sorting dustbins in the office area to promote the reuse of recyclables through garbage sorting. We have also designed a special recycling box for waste batteries to specifically recycle the battery-type hazardous waste, so as to prevent the harmful impacts on the environment of the hazardous waste discarded and leaked. Meanwhile, waste management measures can enhance environmental awareness among the employees and implement the Company's concept of scientific environmental protection more effectively.

Photo: Sorting dustbins in the office area

Photo: Recycling bins of waste batteries

Targets and initiatives

① *Energy saving and consumption reduction*

In terms of energy use, our water is mainly provided by the city water supply network without any problems of seeking water resources, and the main energy use is electricity. In 2022, the Company proactively adopted water and electricity saving measures to reduce its own resource consumption in its daily office and living water and electricity use. In terms of setting energy target, TI Cloud will plan on the basis of 2022 and dynamically adjust and optimize the target and energy saving measures according to the actual use of resources.

② *Waste reduction*

We actively promote waste sorting, implement paperless office within the Company, enhance the recycled use of materials, carry out waste sorting, separate collection of hazardous waste to avoid environmental pollution, and reduce waste generation at the same time.

③ *Reduction of greenhouse gas emission*

Due to the industry nature of TI Cloud, it does not involve Scope 1 emission. Therefore, in the future, TI Cloud will prioritize to set the Company's Scope 2 carbon emission reduction targets and continue to work on setting of Scope 3 emission targets. Currently, TI Cloud is actively setting CO_2 emission reduction targets. We will conduct carbon inspections to understand the emissions situation in all aspects of our production and operations to lay the foundation for setting emission reduction targets of TI Cloud. At the same time, we will continue to optimize emission reduction measures for our product mix and supply chain in order to reduce carbon emissions in all parts of value chain of TI Cloud. At the same time, TI Cloud will review the achievement of each emission reduction target every year, and adjust and optimize the target and emission reduction measures dynamically according to the actual situation.

3.2 Response to Climate Change

Climatic change is a serious challenge for mankind in the 21st century, which has a significant impact on the Company's operation and social development. TI Cloud is fully aware of the importance of climate change, and based on the specific business scope of the Company, has initially identified the relevant risks faced by the Company. In order to actively respond to climate change, TI Cloud has formulated a series of measures applied to climate change.

Table: Identification and response to climate change risks of TI Cloud

Risk type		Risk description	Countermeasures
Physical risks	Acute physical risks	Extreme weather events such as snowstorms, typhoons and rainstorms cause a series of interlocking disasters such as power supply interruptions and urban inundation, which may affect the normal operation of the Company's fixed assets or supply chain.	Maintain concern about extreme weather warnings; Develop disaster contingency plans; Maintain good communication with local governments; Strengthen the management of operational facilities, reinforce them appropriately and maintain them regularly according to the local climate.
	Chronic physical risks	Long-term changes in climate factors such as temperature change, sea level rise, and water shortages will cause the Company to face operational threats such as a shortage of available water resources.	Effectively regulate electrical equipment such as air conditioning and set minimum temperatures for air conditioning; Promote employees to take green and low-carbon trips such as subway, cycling and walking.
Transformation risks	Policy and regulatory risks	With increasingly stringent domestic and international environmental protection laws and regulations, the Company will be exposed to the compliance risk of legal proceedings and penalties if it fails to meet the statutory requirements.	Stay aware of the environmental and energy policies and laws and regulations of the countries and regions where we operate; Proactively participate in energy saving and emission reduction actions to further identify sources of emissions and reduce our own carbon emissions.
	Reputation risks	With the transformation of the low carbon economy and the growing popularity of the green concept, stakeholders expect the Company to actively respond to climate change and enhance the transparency of information disclosure. If the Company fails to respond to the reasonable requests of stakeholders, such failure will have a negative impact on the Company's reputation.	Actively respond to the national call for "carbon peaking" and "carbon neutrality", actively implement green operations and contribute to low-carbon transformation; Maintain efficient and harmonious communication with stakeholders and gradually set and disclose emission reduction targets.

TI Cloud will continue to strengthen its ability to cope with climate change, further evaluate and analyze the risks based on the initial identification, and optimize the iterative risk response plan. At the same time, the Company will continue to practice energy saving and emission reduction, and strive to minimize the impact of its operations on climate change and further reduce greenhouse gas emissions.

Table: Greenhouse gas emission of TI Cloud[1]

Indicator	Unit	Amount
Greenhouse Gas Emission (Scope 1)	tonnes of CO_2e	/
Greenhouse Gas Emission (Scope 2)	tonnes of CO_2e	154.97
Total Greenhouse Gas Emission	tonnes of CO_2e	154.97
Greenhouse Gas Emission Intensity	tonnes of CO_2e/million of revenue	0.40

IV ENHANCING THE WELL-BEING OF TALENTS

TI Cloud is committed to working with employees to forge a sustainable path for development, which is to work with them for mutual benefits, to secure their rights and interests in all aspects, to protect them from occupational hazards and to provide a safe working environment. We also provide a broad platform for career development, transparent promotion paths and systematic training programmes, in line with our corporate social responsibility.

4.1 Employee Interests

TI Cloud strictly abides by the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Employment Promotion Law of the People's Republic of China (《中華人民共和國就業促進法》), the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), the Trade Union Law of the People's Republic of China (《中華人民共和國工會法》) and the Regulation on Work-Related Injury Insurance (《工傷保險條例》) as well as other national laws and regulations and employment-related policies, and has formulated internal rules and regulations such as Employee Handbook (《員工手冊》), in order to establish a sound human resources management system and protect the legitimate rights and interests of its employees. We maintain our commitment to diversity and inclusiveness and continue to improve staff composition, with a view to achieving a reasonable distribution of our employees by gender, age and region.

[1]Note: TI Cloud does not involve greenhouse gas emission of scope 1 during actual operations. Therefore, the data for Greenhouse Gas Emission (Scope 1) is zero. The calculation of Greenhouse Gas Emission (Scope 2) includes purchased heat as well as purchased heat used as a lessee and owner. The calculation coefficients are based on the Greenhouse Emission Accounting Methodology and Reporting Guidelines for Other Industrial Enterprise (《其他工業企業溫室氣體排放核算方法與報告指南》) issued by the Development and Reform Commission of the State Council and the Management of Greenhouse Gas Emission Report of Enterprises (《關於做好2022年企業溫室氣體排放報告管理相關重點工作的通知》) in 2022 issued by the Ministry of Ecology and Environment of China.

The Company adheres to labour standards and explicitly prohibits child labour and forced or compulsory labour. It is stipulated in the employment management system that new employees should be aged 18 or above, and strict identification checks are carried out on candidates to prevent inadvertent recruitment of child labour. Should misuse of child labour be identified, we will immediately terminate the labour contract in accordance with Prohibition of Child Labour Provisions (《禁止使用童工規定》) and arrange for a return to the child's parents or guardians.

In 2022, no significant risks of forced labour or child labour were identified in any of our operations. The Company has made a commitment that no child labour, forced labour, discrimination on the grounds of race, nationality, religion, disability, gender, etc., enagagement or tolerance on inhumane treatment of employees in the recruitment process. During the year, we did not violate any laws and regulations relating to (i) compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare, and (ii) preventing child and forced labour that have a significant impact on the Group.

As at 31 December 2022, the Company has 1 employee with a doctorate degree, 31 employees with a master's degree and 342 employees with a bachelor's degree. All of our employees have signed labour contracts and are domestic employees with no overseas employees.

Table: Employee overview of TI Cloud in 2022

Total number of employees		477
Number of employees by age	Aged 30 and below	295
	Aged 31-50	177
	Aged 51 and above	5
Number of employees by employment category	Labour contract [2]	477
Number of employees by gender	Male employees	333
	Female employees	144
Number of employees by nationality [1]	Domestic	477
Number of employees turnover		187
Employee's turnover rate		28%
Number of employees turnover by gender	Male employees	131
	Female employees	56
Employee's turnover rate by gender	Male employees	28%
	Female employees	28%
Employee's turnover rate by nationality	Domestic	100%
Number of employees turnover by age	Aged 30 and below	116
	Aged 31-50	67
	Aged 51 and above	4
Employee's turnover rate by age	Aged 30 and below	29%
	Aged 31-50	28%
	Aged 51 and above	44%

(1) During the year, all employees of the Company are located within the PRC.

(2) During the year, all employees are employed on a full-time basis.

4.2 Employee Benefit

TI Cloud strictly observes national, provincial and municipal regulations including the Regulation on Paid Annual Leave for Employees (《職工帶薪年休假條例》), the Implementation Measures for Paid Annual Leave for Employees of Enterprises (《企業職工帶薪年休假實施辦法》) and the Opinions of the State Council on Reforming the Mechanism for Determining Wages in State-owned Enterprises (《國務院關於改革國有企業工資決定機制的意見》), fulfils the labour contracts signed with its employees in accordance with the rule, and pays social insurance premium and housing provident fund for its employees on time. In 2022, we recorded 100% for signing of labour contracts rate and employee social insurance participation rate.

In 2022, the Company continued to optimise its performance assessment and incentive mechanism by adhering to the guiding ideology of target-oriented allocation of resources, competency-oriented hiring and performance-oriented motivation, combined with a high quality leapfrog development strategy. We fully demonstrate the value contribution of each position by determining achievement of targets, strong incentives, hard constraints, conscientiously implement and efficiency; by improving the relationship between compensation and operating performance, we continuously improve the income level of employees, and at the same time, we can also assist the Company's sustainable and healthy development of operating performance.

TI Cloud cares about its employee and is people-oriented. In addition to fixed salaries, employees are entitled to paid-leaves, maternity and sick leave, regual health checkups and health training. During the year, employees' corporate happiness continued to improve, with the happiness index for all employees reached a record high for the second consecutive year and increasing to 94.34% from 92.51% in 2021.

4.3 Health and Safety

TI Cloud strictly follows the requirements of national regulations the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), rectifies to govern the management of occupational health, continues to improve the occupational health management system and conducts regular testing of the operating environment for the identification of occupational disease hazards. During the year, we did not violate any laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards that have a significant impact on the Group.

TI Cloud formulates its internal manangent policies, such as the Responsibility System for Prevention and Control of Occupational Hazards (《職業病危害防治責任制度》), in accordance with national laws and regulations and industry standards; we also promote safety training and build an occupational health and safety protection and training system. We do our best to protect health and safety of employees with training and publicity, occupational health checkups, distribution of personal protective equipment and special training.

In 2022, the Company organised occupational health checkups for 163 employees and invested RMB163,000 in labour protection for the year. During the reporting year, there were no injuries or significant property damage to TI Cloud.

Table: Health and safety indicators for TI Cloud in 2022

Key performance indicators	Unit	2020	2021	2022
Number of work-related fatalities	person	0	0	0
Lost days due to work injury	day	0	0	0

Case: Organising annual employee medical checks

The Company organises annual health checkups for its full-time employees so that they are more aware of their health status and can ensure that to each employee is physically fit to carry out his/her work. The health checkup are organised by the Human Resources and Administration Department and are conducted at a hospital designated by the Company. Employees are required to submit the results of the health checkup to the Human Resources Administration Department for record.

Photo: Annual health check for employees

Case: On-site fire prevention drill in the park

In terms of building a safe and healthy working environment, TI Cloud effectively implements rules and regulations on labour safety and hygiene, labour discipline and other aspects, and cooperates with the park to conduct activities such as on-site fire prevention drill every year.

Photo: On-site fire prevention drill by TI Cloud

In 2022, the recurrent outbreaks of the COVID-19 epidemic had a significant impact on both enterprises and individuals. In this context, TI Cloud has never resorted lay-offs or salary reductions, but has instead to take on the responsibility of a listed Company and done its almost to protect the interests and stability of its employees.

Case: Overcoming the epidemic together hand in hand

In 2022, for the health and safety of our employees and the normal operation of our business, TI Cloud has adopted a series of epidemic prevention measures to overcome the epidemic with employees together hand in hand. These include providing daily epidemic prevention items, daily scheduled environmental decontamination and daily temperature check on employees.

Photo: Daily epidemic prevention items, disinfection records and temperature check account in TI Cloud

4.4 Human Capital

TI Cloud attaches importance to the development and cultivation of employees, and establishes a multi-channel and multi-level employee talent development and training system. Through the development and improvement of the Employee Handbook (《員工手冊》), the Measures for the Administration of Technical Honor (《技術線榮譽管理辦法》), the Lecturer Management System (《講師管理制度》) and other related management systems, we have established an open and transparent promotion mechanism to provide employees with multiple development paths and fully meet their career development needs.

The promotion of employees in TI Cloud is evaluated and reviewed by the promotion evaluation committee of the Company. The promotion committee is composed of the CEO, the vice president in charge of the business department, the general manager of the business department and the director of human resources administration of the Company. Subject to five major promotion conditions set by the Company, an employee will be promoted to a higher level if approved by more than 80% of the members of the promotion committee. Personnel in related departments should focus on facts for objective promotion evaluation. In case of violation of conduct, the evaluation qualification of an employee may be canceled and he/she may lose his/her personal development opportunities. Members of the evaluation committee who fail to attend the evaluation meeting for 3 times will be disqualified from the evaluation and will be replaced by alternate candidates.

When an employee is promoted to a higher-level position, he/she will be subject to a probationary period ranging from three to six months for different positions. The employee's salary remains unchanged during the probationary period, and enjoys other benefits of the new position. Upon the expiration of the probationary period, the direct supervisor will conduct a comprehensive evaluation of the employee and submit a Staff Promotion Assessment Form (《員工晉升考核評價表》). Those who are qualified will be officially appointed after approval by the human resources department. Those who are not qualified shall have a probationary period extended for six months, failing which will be disqualified from the promotion.

We select talents from all over the world to cultivate them into top-notch innovative talents. With the development trend of the new normal, the Company focuses on the accumulation and cultivation of quality and highly skilled talents, implements the Company's internal promotion system for the recruitment of outstanding talents, and implements multi-dimensional trainings for internal employees including "online + offline" trainings and "internal + external" trainings. We continue to optimize the training mechanism to help our employees grow rapidly. At the same time, we rely on the online education academy platform to carry out robot solutions, AI product case studies, call center product upgrades, and Sales Learning Maps (《銷售學習地圖》) for the sales department, and other basic courses to effectively improve the comprehensive skills of employees.

Table: Training of TI Cloud for employees

Indicators	Unit	2022
Total number of employees trained	person	477
By gender		
Percentage of male employees trained	%	100
Percentage of female employees trained	%	100
By employee category		
Percentage of senior management trained	%	100
Percentage of middle management trained	%	100
Percentage of non-management personnel trained	%	100
Total staff training hours	hour	3,339
Average staff training hours	hour	7
By gender		
Average training hour of male staff	hour	7
Average training hour of female staff	hour	7
By employee category		
Average training hour of senior management	hour	3
Average training hour of middle management	hour	8
Average training hour of non-management personnel	hour	7

Case: Organising diverse training activities

In 2022, TI Cloud organised training for employees at different levels from different departments, covering 872 employees. A training quiz was conducted in each training session to understand the training outcomes of employees.

Photo: Training gifts

Case: "Q4" appraisal activity

In 2022, TI Cloud carried out "Q4-Sharing Master" appraisal activity. In the training courses such as front-end development, UI automation, POSTGERS database optimisation and troubleshooting methods for various departments, lecturers with outstanding performance on course sharing and explanation were publicly praised to promote and motivate everyone's enthusiasm for research and learning. In addition, in order to promote the driving forces of various departments and commend departments with outstanding performance, the Company also launched "Q4 Sales Evaluation – Marketing" activity. In 2022, the Company's AICC Division | Ecological Cooperation Division achieved excellent sales results in the fourth quarter and created a new chapter with a task completion rate of 105%.

4.5 Caring for Employees

TI Cloud adheres to people-oriented principle, and regards employees as an important wealth for company development. The Company resolutely protects the legitimate rights and interests of employees, cares for their physical and mental health, provides a warm working environment, strives to provide comprehensive guarantee for employees' work and life, enriches their spiritual and cultural life, and enhances their sense of happiness and belonging.

TI Cloud constantly pays attention to the life-work balance of employees, actively carries out employee care activities and effectively provides comprehensive guarantee for employees to improve their sense of happiness and create a corporate atmosphere filled with love.

Case: Employees' birthday party

In order to improve the enthusiasm of employees, reflect the Company's humanised management and caring for employees, TI Cloud strives to give them the warmth of home. Meanwhile, a good communication platform is provided for employees, so that they can maintain a good working attitude, grow and develop with joy.

Photo: Employees' birthday party

Case: Programmer's Day activity

On the "10•24 Programmer's Day", TI Cloud prepared lots of benefits for programmers, who are core competitiveness of the Company and play a vital role. In order to enable programmers to realize their own value in a better way, we call on the whole society to care for them.

Photo: Programmer's Day activity

Case: Mutual assistance linked hearts – Loving care of delivery of vegetables

In 2022, with the spread and expansion of the epidemic, our colleagues in Shanghai encountered difficulties in delivery of supplies. A special support team was the first to set up by the Company's leadership to contact pipelines, seek for resources, compile statistics on employee needs and arrange for administrative colleagues to manually brush orders. The special support team made its best to help our employees in difficulty, amidst material shortages and difficulties in distribution.

V FULFILLING SOCIAL RESPONSIBILITY

TI Cloud proactively undertakes social responsibility by benefiting the public with its own development and fulfills its commitment to sustainable development of society by engaging in industrial cooperation, supporting civil activities such as community services, sponsoring education and poverty alleviation.

5.1 Industrial Operation

In 2022, in order to gather a team of high-level talents and improve the ability of independent innovation, TI Cloud actively participated in industrial exchanges to fully absorb and utilize research results of various industries, and thereby to promote the complementary advantages among production, learning and research and to solve technical difficulties in development. By doing so, IT Cloud not only maintained its leading role in industry technology, but also promoted social and economic development by transforming its strengths in absorbing and cultivating talents to the advantage in industrial upgrade.

5.2 Public Interest Practice

TI Cloud has constantly been dedicated to promoting social welfare with sincere and practical actions and by giving back to society. In order to help the public and further improve civil welfare, we established a volunteer team comprising of our employees to this end. Since 2020, the Company has donated approximately RMB551,600 for charity and other purpose.

We established a volunteer team for our employees to encourage them to participate in voluntary activities such as environmental protection activities and social welfare activities, so as to gain more social attention, contribute to society and demonstrate the performance of social responsibility by TI Cloud.

TI Cloud actively participates in social welfare

- All employees of the Company participate in environmental protection activities together with the aims of team construction and environment protection achieved simultaneously
- The Company encourages employees to participate in social welfare activities with families.
- The Company prefers purchasing products from charitable organizations for employee benefits, adding meanings thereto without additional costs.

VI LIST OF ESG INDICATORS

Indicators	Particulars	Chapter
A Environmental		
Aspect A1: Emissions		
General Disclosure Information on the policies; and compliance with relevant laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste		Green Operation Response to Climate Change
A1.1	The type of emissions and respective emissions data	Green Operation
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility) of direct (Scope 1) and energy indirect (Scope 2) emissions	Response to Climate Change
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Green Operation
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Green Operation
A1.5	Description of emissions target(s) set and steps taken to achieve them	Response to Climate Change
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	Green Operation
Aspect A2: Use of Resources		
General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials		Green Operation
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	Green Operation
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Green Operation
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Response to Climate Change
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	Not applicable. Water consumed by our office is supplied by the municipal water network, and there is no issue in sourcing water
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Not applicable. Our principal business does not involve the use of packaging material

Indicators	Particulars	Chapter
Aspect A3: The Environment and Natural Resources		
General Disclosure Policies on minimizing the Company's significant impacts on the environment and natural resources		Not applicable. Our principal activities do not involve significant impacts on the environment and natural resources
A3.1	The significant impacts of activities on the environment and natural resources and the actions taken to manage them	Not applicable. Our principal business does not involve significant impacts on the environment and natural resources
Aspect A4: Climate Change		
General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the Company		Response to Climate Change
A4.1	The significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Response to Climate Change
B. Social		
Aspect B1: Employment		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare		Employee Interests
B1.1	Total workforce by gender, employment type(for example, full – or part-time), age group and geographical region	Employee Interests
B1.2	Employee turnover rate by gender, age group and geographical region	Employee Interests
Aspect B2: Health and Safety		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards		Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Health and Safety
B2.2	Lost days due to work injury	Health and Safety
B2.3	Occupational health and safety measures adopted, how they are implemented and monitored	Health and Safety

Indicators	Particulars	Chapter
Aspect B3: Development and Training		
General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training represents vocational training, which may include internal and external courses paid by the employer.		Personnel Security
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Personnel Security
B3.2	The average training hours completed per employee by gender and employee category	Personnel Security
Aspect B4: Labour Standards		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour		Employee Interests
B4.1	Measures to review employment practices to avoid child and forced labour	Employee Interests
B4.2	Steps taken to eliminate such practices when discovered	Employee Interests
Aspect B5: Supply Chain Management		
General Disclosure Policies on managing environmental and social risks of the supply chain		Responsible Supply
B5.1	Number of suppliers by geographical region	Responsible Supply
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Responsible Supply
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Responsible Supply
B5.4	Description of practices used to promotes environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Responsible Supply

Indicators	Particulars	Chapter
Aspect B6: Product Responsibility		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress		Quality Control Quality Service
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not applicable. Our core business does not involve safety and health risks
B6.2	Number of products and service related complaints received and how they are dealt with	Quality Service
B6.3	Description of practices relating to observing and protecting intellectual property rights	Products and Innovations
B6.4	Description of quality assurance process and recall procedures	Quality Service
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Quality Service Information Security
Aspect B7: Anti-corruption		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering		Business Ethics
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Business Ethics
B7.2	Preventive measures and whistle-blowing procedures, how they are implemented and monitored	Business Ethics
B7.3	Description of anti-corruption training provided to directors and staff	Business Ethics
Aspect B8: Community Investment		
General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests		Public Interest Practice
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Public Interest Practice
B8.2	Resources contributed (e.g. money or time) to the focus area	Public Interest Practice

EY 安永

To the shareholders of TI Cloud Inc.
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of TI Cloud Inc. (the "Company") and its subsidiaries (the "Group") set out on pages 116 to 196, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of trade receivables and contract assets	
As at 31 December 2022, the carrying amounts of the Group's trade receivables and contract assets before impairment were approximately RMB95,853,000 and RMB4,583,000, respectively, and the Group was exposed to credit risks arising therefrom. The Group recognises impairment allowances of trade receivables and contract assets based on the expected credit loss ("ECL") approach under IFRS 9 *Financial Instruments*. The measurement of ECL requires the application of significant judgement and estimates. The Group uses a provision matrix to assess the ECL, and the provision rates are based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and to the economic environment, where applicable. Relevant disclosures are included in notes 2.5, 3, 16 and 17 to the financial statements.	We performed the following procedures to address the impairment of trade receivables and contract assets: • Obtained an understanding of the Group's accounting policy and of the Group management's assessment on impairment provision of trade receivables and contract assets; • Assessed, on a sample basis, whether items in the ageing reports of trade receivables and contract assets were classified within the appropriate ageing categories; • Evaluated the ECL determined by the Group management by examining, on a sample basis, the information used to form such judgement and estimates, including the historical credit loss information and forward-looking factors; • Evaluated the impairment provision of trade receivables by reference to the Group's subsequent collection; and • Evaluated the adequacy of the relevant disclosures in the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ng Siu Ki Ricky.

Ernst & Young
Certified Public Accountants
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong
29 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
REVENUE	5	**383,244**	401,897
Cost of sales		**(198,301)**	(219,194)
Gross profit		**184,943**	182,703
Other income and gains	5	**17,960**	8,287
Selling and distribution expenses		**(89,102)**	(71,335)
Administrative expenses		**(36,039)**	(42,977)
Research and development expenses		**(78,639)**	(53,840)
Impairment losses on financial assets		**(4,727)**	(3,423)
Other expenses and losses		**(1,541)**	(293)
Finance costs	7	**(627)**	(636)
PROFIT/(LOSS) BEFORE TAX	6	**(7,772)**	18,486
Income tax credit/(expense)	10	**398**	(668)
PROFIT/(LOSS) FOR THE YEAR		**(7,374)**	17,818
EARNINGS/(LOSS) PER SHARE			
Basic and diluted (RMB)	12	**(4.55) cents**	11.88 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	2022 RMB'000	2021 RMB'000
PROFIT/(LOSS) FOR THE YEAR	**(7,374)**	17,818
OTHER COMPREHENSIVE INCOME		
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the financial statements of the Company	**9,500**	153
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**9,500**	153
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**2,126**	17,971

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**2,464**	3,611
Right-of-use assets	14(a)	**10,897**	7,781
Other intangible assets	15	**2,462**	2,971
Prepayments, other receivables and other assets	19	**53,378**	–
Deferred tax assets	26	**1,170**	707
Total non-current assets		**70,371**	15,070
CURRENT ASSETS			
Trade receivables	16	**87,146**	64,388
Contract assets	17	**4,474**	2,214
Contract costs	18	**10,273**	–
Prepayments, other receivables and other assets	19	**14,291**	12,695
Prepaid tax		**27**	2,286
Financial investments	20	**40,886**	31,227
Pledged deposits	21	**–**	21,293
Cash and cash equivalents	21	**341,669**	152,545
Total current assets		**498,766**	286,648
CURRENT LIABILITIES			
Trade payables	22	**28,644**	15,740
Contract liabilities	23	**29,598**	22,716
Other payables and accruals	24	**28,535**	22,862
Interest-bearing bank borrowings	25	**–**	10,520
Lease liabilities	14(b)	**6,668**	5,281
Tax payable		**622**	419
Total current liabilities		**94,067**	77,538
NET CURRENT ASSETS		**404,699**	209,110
TOTAL ASSETS LESS CURRENT LIABILITIES		**475,070**	224,180

31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities	14(b)	**3,425**	2,709
Total non-current liabilities		**3,425**	2,709
Net assets		**471,645**	221,471
EQUITY			
Share capital	27	**114**	98
Reserves	29	**471,531**	221,373
Total equity		**471,645**	221,471

WU Qiang
Director

PAN Wei
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2022

	Notes	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Share-based payment reserve RMB'000	Reserve funds RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2022		98	–	95,790	58	27,324	153	98,048	221,471
Loss for the year		–	–	–	–	–	–	(7,374)	(7,374)
Other comprehensive income for the year:									
Exchange differences on translation of the financial statements of the Company		–	–	–	–	–	9,500	–	9,500
Total comprehensive income for the year		–	–	–	–	–	9,500	(7,374)	2,126
Issue of shares	27	16	263,732	–	–	–	–	–	263,748
Share issue expenses	27	–	(15,748)	–	–	–	–	–	(15,748)
Equity-settled share-based payment arrangements	28	–	–	–	48	–	–	–	48
Transfer from retained profits		–	–	–	–	175	–	(175)	–
At 31 December 2022		114	247,984*	95,790*	106*	27,499*	9,653*	90,499*	471,645

Year ended 31 December 2022

	Notes	Share capital RMB'000	Capital reserve RMB'000	Share-based payment reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Reserve funds RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2021		–	94,618	–	1,851	27,132	–	104,401	228,002
Profit for the year		–	–	–	–	–	–	17,818	17,818
Other comprehensive income for the year:									
Exchange differences on translation of the financial statements of the Company		–	–	–	–	–	153	–	153
Total comprehensive income for the year		–	–	–	–	–	153	17,818	17,971
Issue of shares	27	98	–	–	–	–	–	–	98
Equity-settled share-based payment arrangements	28	–	–	1,230	–	–	–	–	1,230
Vesting of share incentives as granted	28	–	1,172	(1,172)	–	–	–	–	–
Disposal of equity investments designated at fair value through other comprehensive income, net of tax		–	–	–	(1,851)	–	–	1,851	–
Transfer from retained profits		–	–	–	–	192	–	(192)	–
Dividends of a subsidiary declared to the then shareholders		–	–	–	–	–	–	(25,830)	(25,830)
At 31 December 2021		98	95,790*	58*	–*	27,324*	153*	98,048*	221,471

* These reserve accounts comprise the consolidated reserves of RMB471,531,000 (2021: RMB221,373,000) in the consolidated statements of financial position as at 31 December 2022.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**(7,772)**	18,486
Adjustments for:			
Finance costs	7	**627**	636
Interest income	5	**(3,480)**	(819)
Investment income	5	**(2,231)**	(2,211)
Fair value gains on financial investments at fair value through profit or loss	5	**(506)**	(474)
Gain on disposal of equity investments designated at fair value through other comprehensive income	5	**–**	(81)
Loss/(gain) on disposal/write-off of property, plant and equipment	5,6	**56**	(3)
Gain on early termination of a lease	5	**(2)**	–
Depreciation of property, plant and equipment	6	**1,451**	1,810
Depreciation of right-of-use assets	6	**7,017**	6,171
Amortisation of other intangible assets	6	**569**	566
Impairment of financial assets	6	**4,727**	3,423
Write-off of prepayments	6	**–**	184
Equity-settled share-based payment expense	28	**48**	1,230
		504	28,918
Decrease/(increase) in trade receivables		**(26,821)**	7,804
Increase in contract assets		**(2,894)**	(2,257)
Increase in contract costs		**(10,273)**	–
Increase in prepayments, other receivables and other assets		**(3,134)**	(5,942)
Increase in trade payables		**12,904**	1,816
Increase in contract liabilities		**6,882**	4,583
Increase in other payables and accruals		**4,424**	6,244
Effect of foreign exchange rate changes, net		**3,572**	138
Cash generated from/(used in) operations		**(14,836)**	41,304
Interest paid		**(627)**	(636)
Corporate income tax refunded/(paid)		**2,397**	(3,993)
Net cash flows from/(used in) operating activities		**(13,066)**	36,675

Year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**1,775**	526
Purchases of property, plant and equipment	13	**(372)**	(2,282)
Proceeds from disposal of property, plant and equipment		**12**	3
Decrease in prepayments for property, plant and equipment		**–**	347
Purchases of other intangible assets	15	**(60)**	(759)
Prepayments for other intangible assets		**(858)**	–
Prepayments for investments		**(51,862)**	–
Purchases of time deposits with original maturity over three months		**(148,959)**	–
Proceeds from disposal of equity investments designated at fair value through other comprehensive income		**–**	8,258
Purchases of financial investments at fair value through profit or loss		**(493,700)**	(430,000)
Proceeds from disposal/maturity of financial investments at fair value through profit or loss		**501,778**	552,695
Purchase of financial investments at amortised cost		**(15,000)**	–
Net cash flows from/(used in) investing activities		**(207,246)**	128,788
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares, net of direct share issue expense		**252,097**	–
Decrease/(increase) in pledged time deposits for bank borrowings		**21,000**	(21,000)
New borrowings	30(b)	**–**	10,536
Repayment of borrowings		**(10,990)**	–
Principle portion of lease payments	30(b)	**(8,028)**	(6,548)
Dividends of a subsidiary paid to the then shareholders		**–**	(28,858)
Net cash flows from/(used in) financing activities		**254,079**	(45,870)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**33,767**	119,593
Cash and cash equivalents at beginning of year		**152,545**	32,953
Effect of foreign exchange rate changes, net		**2,094**	(1)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**188,406**	152,545

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	21	**188,406**	147,545
Non-pledged short term deposits with original maturity of less than three months when acquired	21	**–**	5,000
Cash and cash equivalents as stated in the statement of cash flows		**188,406**	152,545
Non-pledged time deposits with original maturity over three months when acquired	21	**153,263**	–
Cash and cash equivalents as stated in the statement of financial position		**341,669**	152,545

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.

Information about subsidiaries

Particulars of the Company's subsidiaries as at the end of the reporting period are as follows:

Name	Place and date of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
TI Cloud (HK) Limited	Hong Kong 16 April 2021	HK$1**	100	–	Investment holding
TI Cloud (Beijing) Technology Co., Ltd. ("WFOE") (天潤雲(北京)科技有限公司*)	PRC/Mainland China 28 April 2021	USD50,000,000	–	100	Investment holding
Beijing T&I Net Communication Technology Co., Ltd. # ("T&I Net Communication") (北京天潤融通科技股份有限公司*)	PRC/Mainland China 23 February 2006	RMB51,660,000	–	100	Sales of customer contact solution software and related services and products, provision of technology support services, and research and development of communication software
Beijing Xunchuan Rongtong Technology Co., Ltd. ("Xunchuan Rongtong Technology") (北京迅傳融通科技有限公司*)	PRC/Mainland China 22 October 2007	RMB10,000,000	–	100	Sales of customer contact solution software and related services and products, and provision of technology support services
Shanghai Tianrun Rongtong Information Technology Co., Ltd. ("Shanghai Tianrun Rongtong") (上海天潤融通信息科技有限公司*)	PRC/Mainland China 21 November 2012	RMB10,000,000	–	100	Sales of customer contact solution software and related services and products, and provision of technology support services

1. CORPORATE INFORMATION (continued)

Information about subsidiaries (continued)

Name	Place and date of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Shanghai Xinfeng Information Technology Co., Ltd. ("Xinfeng Information Technology") (上海欣峰信息科技有限公司*)	PRC/Mainland China 24 April 2012	RMB10,000,000	–	100	Sales of customer contact solution software and related services and products, and provision of technology support services
Nanjing Guanxun Information Technology Co., Ltd. ("Guanxun Information Technology") (南京冠迅信息科技有限公司*)	PRC/Mainland China 26 April 2018	RMB10,000,000	–	100	Research and development of customer contact solution
Chengdu Tianrun Golden Armor Technology Co., Ltd. ("Tianrun Gold Armor") (成都天潤金鎧甲科技有限公司*)	PRC/Mainland China 7 December 2022	RMB20,000,000	–	100	Not yet commenced commercial operation

T&I Net Communication was the immediate holding company of Xunchuan Rongtong Technology, Shanghai Tianrun Rongtong, Xinfeng Information Technology, Guanxun Information Technology and Tianrun Gold Armor.

* The English names of these subsidiaries represent the best efforts made by the management of the Company to translate the Chinese names as they do not have an official English names registered in the PRC.

** The Company's investment in a subsidiary, TI Cloud (HK) Limited, was carried at RMB1 (equivalent to HK$1) at the statement of financial position of the Company as at 31 December 2022 as stated in note 37 to the financial statements.

2.1 BASIS OF PRESENTATION

In preparation for the initial listing of the shares of the Company on the Main Board of the Stock Exchange, the Company and its then subsidiaries now comprising the Group underwent a reorganisation (the "Reorganisation"), pursuant to which the Company became the holding company of the then companies now comprising the Group on 12 May 2021. As the Reorganisation mainly involved inserting new holding companies and has not resulted in any change of economic substance, the financial statements for the year ended 31 December 2021 has been presented as a continuation of the existing companies as if the Reorganisation had been completed at 1 January 2021.

The consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year ended 31 December 2021 include the results and cash flows of all of the then companies comprising the Group, as if the group structure immediately after the completion of the Reorganisation had been in existence throughout the year ended 31 December 2021. No adjustments are made to reflect fair values or recognise any new assets or liabilities as a result of the Reorganisation.

2.1 BASIS OF PRESENTATION (continued)

Contractual arrangements

Due to regulatory restrictions on foreign ownership in providing telecommunication services in the People's Republic of China (the "PRC"), 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 shareholders of the Company prior to the completion of the Reorganisation, as well as its subsidiaries operating in Mainland China during the year. As part of the Reorganisation, on 12 May 2021, TI Cloud (Beijing) Technology Co., Ltd., a wholly-foreign-owned enterprise indirectly owned by the Company, 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.

2.2 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.

Basis of consolidation

The financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2022. 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).

2.2 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, 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 (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) 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.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to IFRSs 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

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

(a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the "Conceptual Framework") issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by IAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do no relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to IFRSs 2018-2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

2.4 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[2]
IFRS 17	*Insurance Contracts*[1]
Amendments to IFRS 17	*Insurance Contracts*[1,5]
Amendments to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*[6]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[2,4]
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to IAS 8	*Definition of Accounting Estimates*[1]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

1 Effective for annual periods beginning on or after 1 January 2023

2 Effective for annual periods beginning on or after 1 January 2024

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024

5 As a consequence of the amendments to IFRS 17 issued in October 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of IFRS 17

Further information about those IFRSs that are expected to be applicable to the Group is described below.

2.4 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Amendments to IFRS 10 and IAS 28 (2011) address an inconsistency between the requirements in IFRS 10 and in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 (2011) was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current. In particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. In 2022, the IASB issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Amendments to IAS 1 *Disclosure of Accounting Policies* 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 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to IFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently revisiting the accounting policy disclosures to ensure consistency with the amendments.

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. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 12 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. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Early application is permitted.

The Group has 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. Upon initial application of these amendments the Group will recognise deferred tax for all temporary differences related to leases at the beginning of the earliest comparative period presented. During the year, the Group has performed a detailed assessment on the impact of amendments to IAS 12. The Group has estimated that it will recognise a deferred tax asset of RMB1,149,000 for deductible temporary differences associated with lease liabilities and a deferred tax liability of RMB1,093,000 for taxable temporary differences associated with right-of-use assets, and recognise the cumulative effect of initially applying the amendments as an adjustment to retained profits at 1 January 2022.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its equity investments designated at fair value through other comprehensive income and financial investments at fair value through profit or loss at fair value at the end of the year. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of the year.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than contract costs, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of the year as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of the lease terms and 20%
Office equipment	19% to 33.33%
Electronics equipment	19% to 33.33%
Motor vehicles	19%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Purchased software is stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 3 to 10 years, which are mainly determined by reference to the licensed period of the purchased software.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill) (continued)

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is 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, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	1.5 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IFRS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting period, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach under certain circumstances as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the year of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the year, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the year between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the year and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of the year and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the year.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Rendering of services

Revenue from SaaS solutions is measured on a transactional basis and is recognised over time, by measuring the value to the customer of the services rendered to date, with no rights of return once consumed, because the customer simultaneously receives and consumes the benefits provided by the Group. In particular, revenue on usage-based service contracts with a specified rate but an unspecified quantity is recognised utilising the right to invoice practical expedient resulting in revenue being recognised in the amount for which the Group has the right to invoice as service is rendered. The Group's revenue from SaaS services are billed to customers mostly on a monthly basis.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(a) Rendering of services (continued)

The Group's VPC solutions included customisation services and provision of software licences. Revenue from customisation services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, when the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; otherwise, the revenue is recognised at a point in time upon acceptance of customerised services by customers. The input method recognises revenue from customisation services based on the basis of the actual labour hours expended relative to the total expected hours to complete the services. Revenue from software licence fees is recognised at the point in time because the Group provides the customer with a right to use the Group's licence as it exists at the point in time that it is granted. The Group recognises revenue from software licence fees upon acceptance of software by customers. The Group also provides extended warranty services to its customers of VPC solutions and the revenue generated therefrom is recognised over the period of extended warranty services rendered.

Revenue from other miscellaneous services is recognised over time by measuring customers' usages of services, because the customer simultaneously receives and consumes the benefits provided by the Group.

(b) Sale of products

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

The Group has a share award arrangement and a share incentive plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) and other eligible participants of the Group receive remuneration in the form of share-based payments, whereby employees and other eligible participants render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a discounted cash flow valuation model, further details of which are given in note 28 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of the year until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments (continued)

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee or other qualifying person as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee or other qualifying person are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Pension scheme

The Group's employees in Mainland China are required to participate in central pension schemes operated by local municipal governments. These entities are required to contribute certain percentages of their payroll costs to the central pension schemes. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension schemes.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

The functional currency and presentation currency of the Company are Hong Kong dollar ("HK$") and RMB, respectively.

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the year. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of the Group's entities not operating in Mainland China are currencies other than RMB. As at the end of the year, the assets and liabilities of these entities are translated into the RMB at the exchange rates prevailing at the end of the year and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of an entity not operating in Mainland China, the component of other comprehensive income relating to that particular entity is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of an entity not operating in Mainland China and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of that particular entity and translated at the closing rate.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

For the purpose of the consolidated statements of cash flows, the cash flows of the Group's entities not operating in Mainland China are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of such entities which arise throughout a particular year are translated into RMB at the weighted average exchange rates for that particular year.

Dividends

Dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

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 to the financial statements, 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 year, 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.

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 the year, 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 16 and 17 to the financial statements, respectively.

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 the year. 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 2022 (2021: Nil). The amount of unrecognised tax losses at 31 December 2022 were RMB54,501,000 (2021: RMB4,619,000). Further details of the Group's unrecognised tax losses at the end of the year are contained in note 26 to the financial statements.

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

	2022 RMB'000	2021 RMB'000
Mainland China	383,139	401,897
Hong Kong	105	–
	383,244	401,897

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 Mainland China as at the end of the reporting period (2021: Mainland China).

Information about major customers

During the year, there was no customer individually accounted for more than 10% of the Group's revenue (2021: Nil).

5. REVENUE, OTHER INCOME AND GAINS

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

	2022 RMB'000	2021 RMB'000
SaaS solutions	350,942	370,738
VPC solutions	23,971	21,298
Other services and product sales	8,331	9,861
	383,244	401,897

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:

	2022 RMB'000	2021 RMB'000
Transfer over time:		
SaaS solutions	**350,942**	370,738
VPC solutions	**21,827**	14,396
Other services and product sales	**5,924**	5,892
	378,693	391,026
Transfer at a point in time:		
VPC solutions	**2,144**	6,902
Other services and product sales	**2,407**	3,969
	4,551	10,871
	383,244	401,897

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:

	2022 RMB'000	2021 RMB'000
SaaS solutions	**21,757**	17,152
VPC solutions	**282**	504
Other services and product sales	**677**	477
	22,716	18,133

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.

5. REVENUE, OTHER INCOME AND GAINS (continued)

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. The performance obligation of providing software licences is satisfied at a point in time, i.e., upon acceptance of software 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.

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.

With respect to the ongoing contracts with customers available as of the end of the year that are expected to be recognised as revenue, they are further analysed into:

	2022 **RMB'000**	2021 RMB'000
Amounts of contracts with customers in respect of VPC solutions expected to be recognised as revenue within one year attributable to the remaining unsatisfied or partially satisfied performance obligations	**2,000**	6,567
Amounts of contracts with customers in respect of SaaS solutions, other services and product sales expected to be recognised as revenue within one year	**27,967**	22,434
	29,967	29,001

5. REVENUE, OTHER INCOME AND GAINS (continued)

Other services and product sales (continued)

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

	2022 RMB'000	2021 RMB'000
Other income		
Bank interest income	**3,480**	819
Investment income from financial investments at amortised cost	**153**	–
Investment income from financial investments at fair value through profit or loss	**2,078**	2,211
Government grant*	**11,701**	4,689
Others	**40**	10
	17,452	7,729
Gains		
Fair value gains on financial investments at fair value through profit or loss	**506**	474
Gain on disposal of equity investments designated at fair value through other comprehensive income	**–**	81
Gain on disposal of property, plant and equipment	**–**	3
Gain on early termination of a lease	**2**	–
	508	558
	17,960	8,287

* Various government grants during the year were mainly attributable to the Group's development in software industry, contributions to the district where the Group's primary business operates and successful listing of the Company's shares on the Stock Exchange, as well as additional value-added tax deductibles. There are no unfulfilled conditions or contingencies relating to these government grants.

6. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging:

	Notes	2022 RMB'000	2021 RMB'000
Cost of services provided		**196,281**	216,535
Cost of products sold		**2,020**	2,659
Depreciation of property, plant and equipment*	13	**1,451**	1,810
Depreciation of right-of-use assets*	14(a)	**7,017**	6,171
Amortisation of other intangible assets	15	**569**	566
Lease payments not included in the measurement of lease liabilities*	14(c)	**2,224**	1,650
Auditor's remuneration		**1,800**	–
Listing expenses		**11,445**	19,528
Employee benefit expense (excluding directors' and chief executive's remuneration (note 8)):*			
Wages and salaries		**139,068**	106,098
Equity-settled share-based payment expense	28	**48**	1,230
Pension scheme contributions (defined contribution scheme)**		**13,135**	10,181
		152,251	117,509
Impairment of financial assets:			
Impairment of trade receivables	16	**4,063**	3,026
Impairment of contract assets	17	**634**	320
Impairment of financial assets included in prepayments, other receivables and other assets	19	**30**	77
		4,727	3,423
Loss on disposal/write-off of property, plant and equipment***		**56**	–
Penalties and late fees***		**186**	54
Foreign exchange differences, net***		**1,299**	55
Write-off of prepayments***		**–**	184

6. PROFIT/(LOSS) BEFORE TAX (continued)

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

	2022 RMB'000	2021 RMB'000
Depreciation of property, plant and equipment	**300**	344
Depreciation of right-of-use assets	**2,087**	1,850
Lease payments not included in the measurement of lease liabilities	**2,209**	1,608
Employee benefit expense	**4,787**	6,752

** 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 statements of profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2022 RMB'000	2021 RMB'000
Interest on lease liabilities	**521**	538
Interest on bank borrowings	**106**	98
	627	636

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

On 31 March 2021, the date of incorporation of the Company, Mr. WU Qiang was appointed as a director of the Company; and on 20 May 2021, Mr. PAN Wei, Mr. LI Jin and Mr. AN Jingbo were appointed as directors of the Company. On 26 May 2021, Mr. Wu, Mr. Pan, Mr. Li and Mr. An were re-designated as executive directors of the Company. As approved by the Board of Directors of the Company on 26 May 2021, Mr. LI Zhiyong, Mr. FU Haobo and Mr. WANG Sheng were appointed as independent non-executive directors ("INEDs") of the Company with effect from the date of the listing of the Company. As approved by the Board of Directors on 3 September 2021, the appointment of Mr. FU Haobo and Mr. WANG Sheng as INEDs was repealed, and Mr. LI Pengtao and Ms. WENG Yang were appointed as INEDs of the Company with effect from the date of the listing of the Company.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2022 RMB'000	2021 RMB'000
Fees	**180**	144
Other emoluments:		
Salaries, allowances and benefits in kind	**1,723**	1,987
Performance related bonuses	**738**	–
Pension scheme contributions	**232**	212
	2,693	2,199
	2,873	2,343

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2022 RMB'000	2021 RMB'000
Mr. WANG Sheng	**–**	72
Mr. FU Haobo	**–**	72
Mr. LI Zhiyong	**60**	–
Mr. LI Pengtao	**60**	–
Ms. WENG Yang	**60**	–
	180	144

There were no other emoluments payable to the independent non-executive directors during the year (2021: Nil).

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors and the chief executive

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Equity-settled share-based payment expense RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Year ended 31 December 2022						
Mr. WU Qiang *	–	368	170	–	58	596
Mr. PAN Wei	–	368	170	–	58	596
Mr. LI Jin	–	476	170	–	58	704
Mr. AN Jingbo	–	511	228	–	58	797
	–	1,723	738	–	232	2,693
Year ended 31 December 2021						
Mr. WU Qiang *	–	504	–	–	53	557
Mr. PAN Wei	–	475	–	–	53	528
Mr. LI Jin	–	504	–	–	53	557
Mr. AN Jingbo	–	504	–	–	53	557
	–	1,987	–	–	212	2,199

* Mr. WU Qiang is also the chief executive of the Company.

In August 2022, the Company's executive directors, namely Mr. WU Qiang, Mr. PAN Wei, Mr. LI Jin and Mr. AN Jingbo, agreed to voluntarily forgo a portion of their respective salary amounting to RMB228,000, RMB228,000, RMB121,000 and RMB85,000 between July and December 2022. Other than the above, there was no arrangement under which a director waived or agreed to waive any remuneration during the year ended 31 December 2022 (2021: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

There was no director included in the five highest paid employees during the year ended 31 December 2022 (2021: Nil). Details of the remuneration of the five (2021: five) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2022 RMB'000	2021 RMB'000
Salaries, allowances and benefits in kind	4,197	3,141
Performance related bonuses	1,848	848
Equity-settled share-based payment expense	–	686
Pension scheme contributions	285	205
	6,330	4,880

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

Number of employees

	2022	2021
Nil to HK$1,000,000	–	3
HK$1,000,001 to HK$1,500,000	3	1
HK$1,500,001 to HK$2,000,000	2	–
HK$2,000,001 to HK$2,500,000	–	1
	5	5

During the prior years, certain non-director and non-chief executive highest paid employees were granted effective equity interest of T&I Net Communication in respect of their services to the Group, under the share award arrangement of the Group, further details of which are set out in note 28 to the financial statements. The fair value of such effective equity interest, which has been recognised in the statement of profit or loss, was determined as at the date of grant and the amount included in the financial statements is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. 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. Under the two-tiered profits tax rates regime, the first 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% and its remaining assessable profits are taxed at 16.5% during the year ended 31 December 2022. No provision for Hong Kong profits tax has been made for the year ended 31 December 2021 as the Group did not generated any assessable profits arising in Hong Kong during the year ended 31 December 2021.

Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the entities which operate in Mainland China are subject to corporate income tax ("CIT") at a rate of 25% on the taxable income. During the year, T&I Net Communication was entitled to a preferential tax rate of 15% because it was accredited as a "High and New Technology Enterprise". In addition, the Group's other subsidiaries operating in Mainland China were entitled to preferential tax rates of 2.5% of the taxable income within RMB1,000,000, and 5% of the taxable income between RMB1,000,000 and RMB3,000,000, for the year ended 31 December 2022, 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.

	2022 **RMB'000**	2021 RMB'000
Current tax charged for the year		
Hong Kong	**6**	–
Mainland China	**59**	865
Deferred tax credited for the year (note 26)	**(463)**	(197)
Total tax charge/(credit) for the year	**(398)**	668

10. INCOME TAX (continued)

Mainland China (continued)

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory 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:

	2022 RMB'000	2021 RMB'000
Profit/(loss) before tax		
Cayman Islands	**(10,664)**	(13,858)
Hong Kong	**78**	–
Mainland China	**2,814**	32,344
	(7,772)	18,486
Tax at the statutory tax rate		
Cayman Islands	**–**	–
Hong Kong	**13**	–
Mainland China	**703**	8,086
	716	8,086
Lower tax rates enacted by relevant authorities	**(562)**	(3,503)
Expenses not deductible for tax	**1,092**	1,594
Additional deductible allowance for research and development expenses	**(9,407)**	(5,500)
Tax losses utilised from previous periods	**(11)**	(9)
Tax losses not recognised	**7,774**	–
Tax charge/(credit) at the Group's effective rate	**(398)**	668

11. DIVIDENDS

There was no dividend proposed, declared or paid by the Group for the year ended 31 December 2022. The Group's dividends for the year ended 31 December 2021 of RMB25,830,000 (RMB0.5 for each of 51,660,000 ordinary shares) were declared by T&I Net Communication to its shareholders prior to the Completion of the Reorganisation.

12. EARNINGS/(LOSS) PER SHARE

The calculation of the basic loss per share amount for the year ended 31 December 2022 is based on the loss for the year ended 31 December 2022 attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 162,164,557 in issue during the year ended 31 December 2022.

The calculation of the basic earnings per share amount for the year ended 31 December 2021 is based on the profit for the year ended 31 December 2021 attributable to ordinary equity holders of the Company, and the number of ordinary shares of 150,000,000 in issue, which is determined based on the assumption that the Reorganisation as detailed in note 2.1 to the financial statements has been effective from 1 January 2021.

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the years ended 31 December 2022 and 2021 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.

The calculation of basic and diluted earnings/(loss) per share are based on:

	2022 **RMB'000**	2021 RMB'000
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the Company	**(7,374)**	17,818

	Number of shares	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the year	**162,164,557**	150,000,000

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements RMB'000	Office equipment RMB'000	Electronics equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
31 December 2022					
At 1 January 2022:					
Cost	1,136	697	19,949	1,057	22,839
Accumulated depreciation	(749)	(588)	(16,886)	(1,005)	(19,228)
Net carrying amount	387	109	3,063	52	3,611
At 1 January 2022, net of accumulated depreciation	387	109	3,063	52	3,611
Additions	–	8	364	–	372
Disposals/write-off	–	–	(68)	–	(68)
Depreciation provided during the year	(232)	(44)	(1,175)	–	(1,451)
At 31 December 2022, net of accumulated depreciation	155	73	2,184	52	2,464
At 31 December 2022:					
Cost	1,136	705	18,527	1,057	21,425
Accumulated depreciation	(981)	(632)	(16,343)	(1,005)	(18,961)
Net carrying amount	155	73	2,184	52	2,464

13. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold improvements RMB'000	Office equipment RMB'000	Electronics equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
31 December 2021					
At 1 January 2021:					
Cost	1,096	697	17,707	1,057	20,557
Accumulated depreciation	(503)	(453)	(15,504)	(958)	(17,418)
Net carrying amount	593	244	2,203	99	3,139
At 1 January 2021, net of accumulated depreciation	593	244	2,203	99	3,139
Additions	40	–	2,242	–	2,282
Depreciation provided during the year	(246)	(135)	(1,382)	(47)	(1,810)
At 31 December 2021, net of accumulated depreciation	387	109	3,063	52	3,611
At 31 December 2021:					
Cost	1,136	697	19,949	1,057	22,839
Accumulated depreciation	(749)	(588)	(16,886)	(1,005)	(19,228)
Net carrying amount	387	109	3,063	52	3,611

14. LEASES

Group as a lessee

The Group has certain lease contracts for buildings for its office and server use. Leases of buildings generally have lease terms between one month and five years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of right-of-use assets for buildings and the movements during the year are as follows:

	2022 RMB'000	2021 RMB'000
Carrying amount at 1 January	**7,781**	12,305
Additions	**10,212**	1,647
Depreciation charge	**(7,017)**	(6,171)
Early termination of a lease	**(79)**	–
Carrying amount at 31 December	**10,897**	7,781

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are as follows:

	2022 RMB'000	2021 RMB'000
Carrying amount at 1 January	**7,990**	12,891
New leases	**10,212**	1,647
Accretion of interest recognised during the year	**521**	538
Payments	**(8,549)**	(7,086)
Early termination of a lease	**(81)**	–
Carrying amount at 31 December	**10,093**	7,990
Analysed into:		
Current portion – repayable within one year	**6,668**	5,281
Non-current portion		
– repayable in the second year	**2,480**	2,582
– repayable in the third to fifth year, inclusive	**945**	127
	3,425	2,709

The maturity analysis of lease liabilities is disclosed in note 35 to the financial statements.

14. LEASES (continued)

Group as a lessee (continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2022 RMB'000	2021 RMB'000
Interest on lease liabilities	521	538
Depreciation charge of right-of-use assets	7,017	6,171
Gain on early termination of a lease	(2)	–
Expense relating to short-term leases	2,224	1,650
Total amount recognised in profit or loss	9,760	8,359

(d) The total cash outflow for leases is disclosed in note 30(c) to the financial statements.

15. OTHER INTANGIBLE ASSETS

Software

	2022 RMB'000	2021 RMB'000
At 1 January:		
Cost	5,005	4,246
Accumulated amortisation	(2,034)	(1,468)
Net carrying amount	2,971	2,778
At 1 January, net of accumulated amortisation	2,971	2,778
Additions	60	759
Amortisation provided during the year	(569)	(566)
At 31 December, net of accumulated amortisation	2,462	2,971
At 31 December:		
Cost	5,065	5,005
Accumulated amortisation	(2,603)	(2,034)
Net carrying amount	2,462	2,971

16. TRADE RECEIVABLES

	2022 RMB'000	2021 RMB'000
Trade receivables	**95,853**	69,381
Impairment	**(8,707)**	(4,993)
	87,146	64,388

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:

	2022 RMB'000	2021 RMB'000
Within 3 months	**64,817**	49,353
4 to 12 months	**20,497**	13,955
1 to 2 years	**1,832**	1,080
	87,146	64,388

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

	2022 RMB'000	2021 RMB'000
At beginning of year	**4,993**	4,090
Impairment losses (note 6)	**4,063**	3,026
Amount written off as uncollectible	**(349)**	(2,123)
At end of year	**8,707**	4,993

16. TRADE RECEIVABLES (continued)

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

The increase in the loss allowance during the year ended 31 December 2021 was mainly due to the increase in the loss allowance of RMB1,508,000 as a result of a specific provision made against an aggregate gross amount of trade receivables within the same industry.

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, the time value of money 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 trade receivables using a provision matrix:

As at 31 December 2022

	Ageing			
	Within 1 year	**1 to 2 years**	**Over 2 years**	**Total**
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**

As at 31 December 2021

	Ageing			
	Within 1 year	1 to 2 years	Over 2 years	Total
Expected credit loss rate	3.40%	64.82%	100.00%	7.20%
Gross carrying amount (RMB'000)	65,534	3,070	777	69,381
Expected credit losses (RMB'000)	2,226	1,990	777	4,993

17. CONTRACT ASSETS

	2022 RMB'000	2021 RMB'000
Contract assets arising from services relating to VPC solutions	**4,583**	2,534
Impairment	**(109)**	(320)
	4,474	2,214

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 increase in contract assets for the year ended 31 December 2022 and 2021 was the result of the increase in the ongoing services relating to VPC solutions at 31 December 2022 and 2021, respectively.

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

	2022 RMB'000	2021 RMB'000
Within one year	**4,474**	2,214

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

	2022 RMB'000	2021 RMB'000
At beginning of year	**320**	–
Impairment losses (note 6)	**634**	320
Amount written off as uncollectible	**(845)**	–
At end of year	**109**	320

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, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

17. CONTRACT ASSETS (continued)

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

	2022 RMB'000	2021 RMB'000
Expected credit loss rate	**2.38%**	12.63%
Gross carrying amount (RMB'000)	**4,583**	2,534
Expected credit losses (RMB'000)	**109**	320

18. CONTRACT COSTS

Contract costs represent direct and incremental costs incurred in advance of revenue recognition relating to contracts of VPC solutions. Such costs are recognised as cost of sales upon the recognition of the corresponding revenue of customerised services.

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2022 RMB'000	2021 RMB'000
Current:		
Prepayments	**9,725**	9,408
Deposits	**2,691**	3,122
Other receivables	**2,298**	538
Prepaid other tax	**334**	384
	15,048	13,452
Impairment	**(757)**	(757)
	14,291	12,695
Non-current:		
Prepayments for investments (note 36)	**51,862**	–
Prepayments for other intangible assets	**858**	–
Other receivables and other assets	**658**	–
	53,378	–
	67,669	12,695

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (continued)

The Group applies an expected credit loss model to evaluate the credit losses for financial assets included in prepayments, other receivables and other assets. The Group's movements in the loss allowance for impairment of financial assets included in prepayments, other receivables and other assets are as follows:

	2022 RMB'000	2021 RMB'000
At beginning of year	**757**	680
Impairment losses (note 6)	**30**	77
Amount written off as uncollectible	**(30)**	–
At end of year	**757**	757

There was no increase/decrease in the loss allowance for the year ended 31 December 2022. The increase in the loss allowance for the year ended 31 December 2021 was due to the increase in the gross amount of other receivables and deposits aged over two years.

20. FINANCIAL INVESTMENTS

	2022 RMB'000	2021 RMB'000
Financial investments at fair value through profit or loss	**25,733**	31,227
Financial investments at amortised cost	**15,153**	–
	40,886	31,227

The Group's financial investments at fair value through profit or loss represented funds issued by licensed fund management companies operating in Mainland China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

The Group's financial investments at amortised cost represented a principal-protected debt investment issued by a licensed wealth management company operating in Mainland China.

21. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2022 RMB'000	2021 RMB'000
Cash and bank balances	**141,406**	147,545
Short term deposits	**47,000**	5,000
Time deposits	**153,263**	21,293
	341,669	173,838
Less: Pledged time deposits for bank borrowings	**–**	(21,293)
	341,669	152,545

At the end of the year, the Group's cash and cash equivalents denominated in RMB amounted to RMB131,282,000 (2021: RMB152,545,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term deposits are available for withdrawals with seven-day notices in advance depending on the immediate cash requirements of the Group, and earn interest at the short term deposit rates. Non-pledged time deposits are made for varying periods of between six months and one year depending on the immediate cash requirements of the Group, and earn interest at the respective term deposit rates. The bank balances, short term deposits and time deposits are deposited with creditworthy banks with no recent history of default.

22. 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:

	2022 RMB'000	2021 RMB'000
Within 3 months	**19,409**	15,048
4 to 12 months	**8,624**	460
1 to 2 years	**513**	232
Over 2 years	**98**	–
	28,644	15,740

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

23. CONTRACT LIABILITIES

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

	31 December 2022 RMB'000	31 December 2021 RMB'000	1 January 2021 RMB'000
SaaS solutions	**27,572**	21,757	17,152
VPC solutions	**1,631**	282	504
Other services and product sales	**395**	677	477
	29,598	22,716	18,133

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 year. The increase in contract liabilities for the year ended 31 December 2021 was mainly due to the increase in short-term advances received from customers in relation to SaaS solutions and other services and product sales at the end of the year.

24. OTHER PAYABLES AND ACCRUALS

	2022 RMB'000	2021 RMB'000
Payroll and welfare payables	**19,246**	12,500
Other tax payables	**2,663**	3,254
Other payables	**6,626**	7,108
	28,535	22,862

Other payables are non-interest-bearing and have an average term within one year.

25. INTEREST-BEARING BANK BORROWINGS

	2022 RMB'000	2021 RMB'000
Bank borrowings, secured	–	10,520

The Company's loan facility amounting to USD3,000,000 (equivalent to RMB19,127,100), of which USD1,650,000 (equivalent to approximately RMB10,520,000) had been utilised as at 31 December 2021, was expired and the loan had been fully repaid during the year ended 31 December 2022. The loan was interest-bearing at a rate of 3-month LIBOR plus 1.2% per annum and was, through the use of guarantee and standby letter of credit arranged by a bank, secured by one of the Company's subsidiaries' bank deposits of RMB21,000,000. The bank borrowings were fully repaid during the year ended 31 December 2022.

26. DEFERRED TAX

The movements in deferred tax assets/(liabilities) during the year are as follows:

	Fair value adjustments of equity investments at fair value through other comprehensive income RMB'000	Fair value adjustments of financial investments at fair value through profit or loss RMB'000	Impairment of financial assets RMB'000	Total RMB'000
At 1 January 2021	(326)	(186)	696	184
Deferred tax credited to profit or loss (note 10)	–	2	195	197
Disposal of equity investments designated at fair value through other comprehensive income	326	–	–	326
At 31 December 2021 and 1 January 2022	–	(184)	891	707
Deferred tax credited/(charged) to profit or loss (note 10)	–	(76)	539	463
At 31 December 2022	–	(260)	1,430	1,170

26. DEFERRED TAX (continued)

Deferred tax assets have not been recognised in respect of the following items:

	2022 RMB'000	2021 RMB'000
Tax losses	**54,089**	4,619
Deductible temporary differences	**38**	131
	54,127	4,750

Tax losses arising in Mainland China will expire in one and ten years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At the end of the year, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled RMB123,364,000 as at 31 December 2022 (2021: RMB121,398,000). These temporary differences are subject to the CIT rate of 25% upon their transfers to the WFOE via the contractual arrangements.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

27. SHARE CAPITAL

	31 December 2022 USD'000	31 December 2022 RMB'000 equivalent	31 December 2021 USD'000	31 December 2021 RMB'000 equivalent
Issued and fully paid:				
174,000,400 (2021: 150,000,000) ordinary shares at USD0.0001 each	**17**	**114**	15	98

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital USD'000	Share capital RMB'000	Share premium account RMB'000	Total RMB'000
Issue of shares at:					
31 March 2021 (date of incorporation) (note a)	123,450,000	12	81	–	81
19 May 2021 (note a)	26,550,000	3	17	–	17
At 31 December 2021 and 1 January 2022	150,000,000	15	98	–	98
Issue of shares at 30 June 2022 (note b)	24,000,000	2	16	263,728	263,744
Issue of shares at 27 July 2022 (note c)	400	–	–	4	4
Share issue expenses	–	–	–	(15,748)	(15,748)
At 31 December 2022	174,000,400	17	114	247,984	248,098

27. SHARE CAPITAL (continued)

Notes:

(a) The Company was incorporated in the Cayman Islands on 31 March 2021 with an authorised share capital of USD50,000 divided into 500,000,000 ordinary shares with a par value of USD0.0001 each.

At the date of incorporation, on 31 March 2021, the Company allotted and issued 123,450,000 ordinary shares at USD0.0001 each for an aggregate cash consideration of USD12,345 (equivalent to approximately RMB81,000), credited as fully paid, to entities owned by the directors, which were also the then beneficial shareholders, of T&I Net Communication as well as to a shareholder of T&I Net Communication in proportion to their relative effective equity interest in T&I Net Communication. On 19 May 2021, the Company allotted and issued 26,550,000 ordinary shares at USD0.0001 each for an aggregate consideration of USD2,655 (equivalent to approximately RMB17,000), credited as fully paid, to TI YUN Limited, a company incorporated in the British Virgin Islands and established as a nominee to hold in trust for the ordinary shares of the Company underlying the share incentive plan of the Company. Upon completion of the above share allotments, the effective equity interest of the Company, as represented by the number of ordinary shares of the Company, held by individual shareholders is identical to or no more than the effective equity interest of T&I Net Communication held by the respective shareholder prior to the commencement of the Reorganisation, and the Company effectively exchanged all of the ordinary shares held by each of the shareholders of T&I Net Communication into the ordinary shares of the Company.

(b) On 30 June 2022, the Company issued 24,000,000 ordinary shares in its initial public offering at HK$12.85 per share for a total cash consideration, before expenses, of HK$308,400,000 (equivalent to approximately RMB263,744,000).

(c) On 27 July 2022, the Company issued 400 ordinary shares at HK$12.85 per share as a result of the partial exercise of the over-allotment option of its initial public offering by the joint global coordinators, at a total cash consideration of approximately HK$5,000 (equivalent to approximately RMB4,000).

28. SHARE-BASED PAYMENTS

The Group had a share award arrangement and a share incentive plan, both of which aim at providing incentives to the Company's directors and the Group's employees and other eligible participants and optimising the remuneration structure of the Group.

Share award arrangement

In recognition of the contributions of T&I Net Communication's directors and other employees and eligible participants of the Group, the shareholders of T&I Net Communication operated a share award arrangement through Beijing Yunhao Investment Centre (Limited Partnership) ("Beijing Yunhao"), Beijing Yunjing Industrial Investment Centre (Limited Partnership) ("Beijing Yunjing") and Beijing Yunyu Consulting Management Centre (Limited Partnership) ("Beijing Yunyu") which were established in the PRC in May 2015, May 2015 and November 2020, respectively, and held direct equity interest in T&I Net Communication. According to the share award arrangement, the general partner of Beijing Yunhao, Beijing Yunjing and Beijing Yunyu is an entity wholly-owned by a director of T&I Net Communication and the limited partners comprised T&I Net Communication's directors and certain other employees and eligible participants of the Group (or their designated nominees). As part of the share award arrangement, T&I Net Communication's directors also acquired effective equity interest in T&I Net Communication from Beijing Tianchuang Chuangrun Investment Centre (Limited Partnership) ("Beijing Tianchuang Chuangrun"), which is controlled by a shareholder of the Company.

28. SHARE-BASED PAYMENTS (continued)

Share award arrangement (continued)

For the year ended 31 December 2021, the participants of the share award arrangement altogether acquired from Beijing Yunjing and Beijing Yunyu the effective equity interest of 1.90% in T&I Net Communication at RMB9,434,000. The Group has estimated the fair value of share award by using a discounted cash flow valuation model based on the forecasted operating cash flows attributable to T&I Net Communication and its then subsidiaries, discount rate of 12.6%, and zero perpetual growth rate. The fair value of share award granted to the participants was RMB10,606,000, and the corresponding share-based payment expense was RMB1,172,000, after deducting the amount of the cash consideration paid/payable by the participants. There was no equity interest granted under the share award arrangement to any participants during the year ended 31 December 2022.

Share incentive plan

The Company operates a share incentive plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations through the grant of restricted shares or restricted share units of the Company. Eligible participants of the share incentive plan include any directors, supervisors, full-time executives, officers, managers, or employees of the Group or any of its subsidiaries, or any advisor or consultant in which the chief executive officer of the Company considers has contributed or will contribute to the Group. The Company's share incentive plan became effective on 13 May 2021 and, unless otherwise terminated, will remain in force for 10 years from that date.

The maximum number of ordinary shares underlying the share incentive plan is 26,550,000 ordinary shares of the Company, which is held by TI YUN Limited, a company incorporated in the British Virgin Islands and established as a nominee to hold in trust for the ordinary shares of the Company underlying the share incentive plan. Any further issue of new ordinary shares of the Company in excess of this limit is subject to shareholders' approval.

The offer for the grant of restricted shares and restricted share units of the Company may be accepted for a period stated in the offer document. While the restricted shares are vested as granted, the restricted share units are vested according to a vesting schedule as set out in the respective offer for the grant. The restricted share purchase price and the consideration for the restricted share unit are determined by the chief executive officer of the Company.

On 13 May 2021, all the share award granted prior to the adoption of the share incentive plan were transferred to the share incentive plan as 22,459,299 restricted shares of the Company. As all the share award granted prior to the adoption of the share incentive plan were fully vested on their respective grant dates, there was no impact on the Group's profit or loss arising from their transfer to the share incentive plan as restricted shares of the Company. According to the offer for the grant, all the restricted shares are to be released and converted into the ordinary shares of the Company in three equal tranches on the 6-month, 18-month and 30-month anniversaries of the listing date of the Company, respectively. During the year ended 31 December 2022, there were cancellations of 429,084 restricted shares of the Company (2021: 58,080), and there were 21,972,135 restricted shares of the Company in issue (2021: 22,401,219) as at 31 December 2022 (2021: 22,401,219).

28. SHARE-BASED PAYMENTS (continued)

Share incentive plan (continued)

On the same date, as approved by the Board of Directors of the Company, certain employees of the Group were granted 501,080 restricted share units of the Company. All the restricted share units are to be vested, released and converted into the ordinary shares of the Company in three equal tranches on the 6-month, 18-month and 30-month anniversaries of the listing date of the Company (except for one employee whose restricted share units are subject to five equal tranches on the 6-month, 18-month, 30-month, 42-month and 54-month anniversaries of the listing date of the Company), respectively. During the year ended 31 December 2022, there were cancellations of 80,000 restricted share units of the Company (2021: 10,000), and there were 411,080 restricted share units of the Company in issue as at 31 December 2022 (2021: 491,080).

The Group has estimated the fair value of the aforementioned restricted share units to be RMB1,826,000 by using a discounted cash flow valuation model based on the forecasted operating cash flows attributable to T&I Net Communication and its then subsidiaries, a discount rate of 12.6%, and zero perpetual growth rate. The corresponding share-based payment expense for the year ended 31 December 2022 and the unamortised portion as at 31 December 2022 were RMB48,000 (2021:RMB58,000) and RMB45,000 (2021:RMB93,000), respectively, after deducting the amount of the cash consideration of RMB1,675,000 paid/payable by the participants.

Subsequent to the end of the year, on 3 January 2023, there were 912,648 restricted share units granted to six eligible employees, which are to be vested, released and converted into the ordinary shares of the Company in three equal tranches on the 12-month, 24-month and 36-month anniversaries of the date of grant, under the Group's share incentive plan of which the underlying shares are held by TI YUN Limited. The restricted share units have an exercise price of HK$4.1 per share and the price of the Company's ordinary shares at the date of grant was HK$12.68. At the date of approval of these financial statements, the Company had 21,972,135 restricted shares and 411,080 restricted share units outstanding, which represented 12.6% and 0.2%, respectively, of the Company's shares in issue at that date.

29. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

(a) Capital reserve

Capital reserve represents the capital and capital reserve amounts of T&I Net Communication prior to the completion of the Reorganisation.

(b) Share-based payment reserve

Share-based payment reserve represents the fair value of the awarded equity interest of T&I Net Communication and restricted share units of the Company granted to the Group's employees, as further explained in the accounting policy for share-based payment in note 2.5 to the financial statements. They will be transferred to the capital reserve upon the vesting of the awarded equity interest of T&I Net Communication and restricted share units of the Company.

29. RESERVES (continued)

(c) Reserve funds

In accordance with the regulations in the PRC, the PRC subsidiaries of the Group are required to make an appropriation of retained profits equal to at least 10% of their respective after-tax profits, calculated in accordance with the PRC accounting standards and regulations. Such appropriations are classified in the consolidated statement of financial position as other reserves. Appropriations to these reserves are not required after these reserves have reached 50% of the registered capital of the respective companies.

30. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 December 2022, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB10,212,000 (2021: RMB1,647,000), in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

Lease liabilities

	2022 RMB'000	2021 RMB'000
At beginning of year	7,990	12,891
Changes from financing cash flows	(8,028)	(6,548)
Within operating activities	10,131	1,647
Interest expenses	521	538
Interest paid classified as operating cash flows	(521)	(538)
At end of year	10,093	7,990

Interest-bearing bank borrowings

	2022 RMB'000	2021 RMB'000
At beginning of year	10,520	–
Changes from financing cash flows	(10,990)	10,536
Effect of foreign exchange rate changes, net	470	(16)
At end of year	–	10,520

30. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	2022 RMB'000	2021 RMB'000
Within operating activities	2,745	2,188
Within financing activities	8,028	6,548
	10,773	8,736

31. COMMITMENTS

The Group had the following capital commitments at the end of the year:

	2022 RMB'000	2021 RMB'000
Contracted, but not provided for:		
Software	1,620	–
Investments	65,838	–
	67,460	–

32. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group

	2022 RMB'000	2021 RMB'000
Short term employee benefits	3,407	2,553
Post-employment benefits	290	254
	3,697	2,807

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments of the Group as at the end of the reporting period are as follows:

Financial assets

As at 31 December 2022

	Financial assets at fair value through profit or loss – mandatorily designated as such RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade receivables	–	**87,146**	**87,146**
Financial assets included in other receivables and other assets	–	**4,890**	**4,890**
Financial investments	**25,733**	**15,153**	**40,886**
Cash and cash equivalents	–	**341,669**	**341,669**
	25,733	**448,858**	**474,591**

As at 31 December 2021

	Financial assets at fair value through profit or loss – mandatorily designated as such RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade receivables	–	64,388	64,388
Financial assets included in prepayments, other receivables and other assets	–	2,903	2,903
Financial investments	31,227	–	31,227
Pledged deposits	–	21,293	21,293
Cash and cash equivalents	–	152,545	152,545
	31,227	241,129	272,356

33. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Financial liabilities

	Financial liabilities at amortised cost	
	2022	2021
	RMB'000	RMB'000
Trade payables	**28,644**	15,740
Financial liabilities included in other payables and accruals	**7,709**	7,108
Interest-bearing bank borrowings	**–**	10,520
Lease liabilities	**10,093**	7,990
	46,446	41,358

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Financial assets

	Carrying amounts		Fair values	
	31 December 2022 RMB'000	31 December 2021 RMB'000	**31 December 2022 RMB'000**	31 December 2021 RMB'000
Financial investments at fair value through profit or loss	**25,733**	31,227	**25,733**	31,227
Other receivables and other assets, non-current portion	**658**	–	**634**	–
	26,391	31,227	**26,367**	31,227

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade receivables, trade payables, current portion of financial assets included in prepayments, other receivables and other assets, financial investments at amortised cost, financial liabilities included in other payables and accruals, and interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's senior management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the senior management.

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Financial assets (continued)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group's financial investments at fair value through profit or loss were unlisted funds, the fair values of which were determined by using their respective unadjusted quoted prices in active markets.

The Group's non-current portion of other receivables and other assets were security deposits in relating to lease contracts for buildings. Their fair values have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial investments at fair value through profit or loss				
As at 31 December 2022	25,733	–	–	25,733
As at 31 December 2021	31,227	–	–	31,227

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Assets for which fair values are disclosed

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Other receivables and other assets, non-current portion				
As at 31 December 2022	–	634	–	634
As at 31 December 2021	–	–	–	–

The Group did not have any financial liabilities measured at fair value as at the end of the year (2021: Nil).

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2021: Nil).

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash, and short term and time deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from expenses incurred by the Company as well as the Company's cash and cash equivalents in currencies other than the Company's functional currency, i.e., HK$.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

The following table demonstrates the sensitivity at the end of the year to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Group's profit/loss before tax (due to changes in fair values of monetary assets and liabilities) and the Group's equity (excluding retained profits):

	Increase/ (decrease) in the USD exchange rate %	Increase/ (decrease) in loss before tax RMB'000	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000
As at 31 December 2022				
If HK$ weakens against USD	(1)	(1,509)	N/A	–
If HK$ strengthens against USD	1	1,509	N/A	–
As at 31 December 2021				
If HK$ weakens against USD	(1)	N/A	(143)	–
If HK$ strengthens against USD	1	N/A	143	–

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on ageing information unless other information is available without undue cost or effort, and year-end staging classification as at the end of the year.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables *	–	–	–	95,853	95,853
Contract assets *	–	–	–	4,583	4,583
Financial assets included in prepayments, other receivables and other assets					
– Normal **	4,890	–	–	–	4,890
– Doubtful **	–	–	757	–	757
Financial investments at amortised cost	15,153	–	–	–	15,153
Cash and cash equivalents	341,669	–	–	–	341,669
	361,712	–	757	100,436	462,905

As at 31 December 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables *	–	–	–	69,381	69,381
Contract assets *	–	–	–	2,534	2,534
Financial assets included in prepayments, other receivables and other assets					
– Normal **	2,903	–	–	–	2,903
– Doubtful **	–	–	757	–	757
Pledged deposits	21,293	–	–	–	21,293
Cash and cash equivalents	152,545	–	–	–	152,545
	176,741	–	757	71,915	249,413

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 16 and 17 to the financial statements, respectively.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables and contract assets are disclosed in notes 16 and 17 to the financial statements.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors and industries.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities as at the end of the year, based on the contractual undiscounted payments, is as follows:

As at 31 December 2022

	On demand or less than one year RMB'000	One to five years RMB'000	Total RMB'000
Trade payables	28,033	611	28,644
Financial liabilities included in other payables and accruals	7,709	–	7,709
Lease liabilities	7,814	3,903	11,717
	43,556	4,514	48,070

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

As at 31 December 2021

	On demand or less than one year RMB'000	One to five years RMB'000	Total RMB'000
Trade payables	15,508	232	15,740
Financial liabilities included in other payables and accruals	7,108	–	7,108
Interest-bearing bank borrowings	10,605	–	10,605
Lease liabilities	5,436	3,508	8,944
	38,657	3,740	42,397

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 31 December 2021.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management (continued)

The Group monitors capital using a gearing ratio, which is net debt divided by the capital plus net debt. Net debt includes trade payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings and lease liabilities, less cash and cash equivalents. Capital includes equity. The gearing ratios as at the end of the reporting periods were as follows:

	2022 RMB'000	2021 RMB'000
Trade payables	**28,644**	15,740
Financial liabilities included in other payables and accruals	**7,709**	7,108
Interest-bearing bank borrowings	**–**	10,520
Lease liabilities	**10,093**	7,990
Less: cash and cash equivalents	**341,669**	152,545
Net debt	**(295,223)**	(111,187)
Equity	**471,645**	221,471
Capital and net debt	**176,422**	110,284
Gearing ratio*	**N/A**	N/A

* As at 31 December 2022 and 2021, the Group's cash and cash equivalents exceeded aggregated amounts of trade payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings, and lease liabilities. As such, no gearing ratios were presented.

36. EVENTS AFTER THE REPORTING PERIOD

(a) On 3 January 2023, the Company granted 912,648 restricted share units to six eligible employees in accordance with the terms of the share incentive plan detailed in note 28, representing 0.52% per announcement of the issued share capital of the Company as of the date of approval of these financial statements.

(b) 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 and its related assets at a cash consideration of RMB16,000,000. As at 31 December 2022, the transaction was not completed and the Group has made a partial consideration payment of RMB3,200,000 to GoldArmor according to the terms as stipulated in the business and asset transfer agreement during the year ended 31 December 2022.

Subsequent to the end of the reporting period, on 9 January 2023, the transaction was completed, and on 16 January 2023, the Group has made a further partial consideration payment of RMB5,000,000 to GoldArmor according to the terms as stipulated in the business and asset transfer agreement. As of the date of approval of these financial statements, the Group is in the process of assessing the financial effect of the transaction on the Group's financial statements in 2023.

(c) On 15 December 2022, TI Cloud (HK) Limited ("TI Cloud"), the Company, T&I Net Communication, Agora Inc. ("Agora"), Beijing Yisimobo Network Technology Co., Ltd. Beijing Yizhang Yunfeng Technology Co., Ltd. (the "Target Company") 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 Cloud has conditionally agreed to buy, the entire equity interest of the Target Company at an initial cash consideration of US$14,600,000 (equivalent to RMB101,700,000), subject to adjustments. As at 31 December 2022, the transaction was not completed and the Group has made a partial consideration payment equivalent to US$7,000,000 (equivalent to RMB48,662,000) to Agora according to the terms as stipulated in the equity transfer agreement during the year ended 31 December 2022.

Subsequent to the end of the reporting period, on 1 February 2023, the transaction was completed, and on 4 February 2023, the Group has made a further partial consideration payment of approximately US$4,816,000 (equivalent to RMB32,449,000) to Agora according to the terms as stipulated in the equity transfer agreement. As of the date of approval of these financial statements, the Group is in the process of assessing the financial effect of the transaction on the Group's financial statements in 2023.

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	Note	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS			
Investment in a subsidiary	1	–	–
Due from a subsidiary		**48,669**	–
Total non-current assets		**48,669**	–
CURRENT ASSETS			
Prepayments, other receivables and other assets		**2,072**	2,479
Cash and cash equivalents		**190,387**	966
Total current assets		**192,459**	3,445
CURRENT LIABILITIES			
Other payables and accruals		**5,094**	6,510
Due to subsidiaries		**2,920**	–
Interest-bearing bank borrowings		–	10,520
Total current liabilities		**8,014**	17,030
NET CURRENT ASSETS/(LIABILITIES)		**184,445**	(13,585)
TOTAL ASSETS LESS CURRENT LIABILITIES		**233,114**	(13,585)
Net assets/(deficiencies)		**233,114**	(13,585)
EQUITY			
Share capital		**114**	98
Reserves		**233,000**	(13,683)
Total equity		**233,114**	(13,585)

WU Qiang
Director

PAN Wei
Director

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note: A summary of the Company's reserves is as follows:

Year ended 31 December 2022

	Share premium RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2022	–	176	(13,859)	(13,683)
Loss for the year	–	–	(10,663)	(10,663)
Other comprehensive income for the year:				
Exchange differences on translation of the financial statements of the Company	–	9,362	–	9,362
Total comprehensive loss for the year	–	9,362	(10,663)	(1,301)
Issue of shares	263,732	–	–	263,732
Share issue expense	(15,748)	–	–	(15,748)
At 31 December 2022	247,984	9,538	(24,522)	233,000

Year ended 31 December 2021

	Share premium RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 31 March 2021	–	–	–	–
Loss for the year	–	–	(13,859)	(13,859)
Other comprehensive income for the year:				
Exchange differences on translation of the financial statements of the Company	–	176	–	176
Total comprehensive loss for the year	–	176	(13,859)	(13,683)
Issue of shares, net of share issue expense	–	–	–	–
At 31 December 2021	–	176	(13,859)	(13,683)

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 March 2023.

A summary of the results and of the assets and liabilities of the Group for the last four financial years, as extracted from the published audited financial statements or accountants' report, is set out below:

RESULTS

	Year ended 31 December			
	2022 **RMB'000**	2021 RMB'000	2020 RMB'000	2019 RMB'000
Revenue	**383,244**	401,897	353,744	334,813
Profit/(loss) before tax	**(7,772)**	18,486	78,655	65,496
Income tax credit/(expense)	**398**	(668)	(8,488)	(6,351)
Profit/(loss) for the year	**(7,374)**	17,818	70,167	59,145

ASSETS, LIABILITIES AND TOTAL EQUITIES

	As at 31 December			
	2022 **RMB'000**	2021 RMB'000	2020 RMB'000	2019 RMB'000
Total assets	**569,137**	301,718	293,531	259,711
Total liabilities	**(97,492)**	(80,247)	(65,529)	(72,315)
Total equity	**471,645**	221,471	228,002	187,396

DEFINITIONS

In this annual report, the following expressions have the meanings set out below unless the context otherwise requires:

"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"Articles" or "Articles of Association"	the amended and restated articles of association of our Company conditionally adopted on June 16, 2022 which shall become effective on the Listing Date and as amended from time to time, a summary of which is set out in the section headed "Summary of the Constitution of the Company and Company Laws of the Cayman Islands" in Appendix III in the Prospectus
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Auditor"	Ernst & Young, the auditor of the Company
"Audit Committee"	the audit committee of the Company
"Beijing Tianchuang Chuangrun"	Beijing Tianchuang Chuangrun Investment Center (Limited Partnership) (北京天創創潤投資中心(有限合夥)), a limited partnership established under the laws of the PRC on June 1, 2015
"Beijing Tiandi Rongchuang"	Beijing Tiandi Rongchuang Venture Capital Co., Ltd. (北京天地融創創業投資有限公司), a limited company incorporated under the laws of the PRC on February 21, 2006, being the general partner of Beijing Tianchuang Chuangrun
"Beijing Yunhao"	Beijing Yunhao Investment Center (Limited Partnership) (北京雲昊投資中心(有限合夥)), a limited partnership established under the laws of the PRC on May 12, 2015
"Beijing Yunhao Industrial Investment Consulting"	Beijing Yunhao Industrial Investment Consulting Co., Ltd. (北京雲昊興業投資顧問有限公司), a limited Company established under the laws of the PRC on June 1, 2015, being the general partner of Beijing Yunhao, Beijing Yunjing and Beijing Yunyu
"Beijing Yunjing"	Beijing Yunjing Industrial Investment Center (Limited Partnership) (北京雲景興業投資中心(有限合夥)), a limited partnership established under the laws of the PRC on May 12, 2015
"Beijing Yunyu"	Beijing Yunyu Consulting Management Center (Limited Partnership) (北京雲昱諮詢管理中心(有限合夥)), a limited partnership established under the laws of the PRC on November 24, 2020
"Board"	the board of Directors
"CG Code"	the Corporate Governance Code set out in Appendix 14 to the Listing Rules

"China", or "the PRC"	the People's Republic of China and, except where the context requires and only for the purpose of this report, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan. "Chinese" shall be construed accordingly
"Companies Ordinance"	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company", or "the Company"	TI Cloud Inc. (天润云股份有限公司), an exempted company with limited liability incorporated in the Cayman Islands on March 31, 2021 and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2167)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Consolidated Affiliated Entities"	the entities that we control through the Contractual Arrangements, being T&I Net Communication and its subsidiaries
"Contractual Arrangement(s)"	the series of contractual arrangements entered into by, among others Tianrun Cloud (Beijing) Technology Co., Ltd., T&I Net Communication and the Registered Shareholders (as applicable), details of which are described in the section headed "Contractual Arrangements" in the Prospectus
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. WU Qiang, Mr. PAN Wei, Mr. LI Jin and Mr. AN Jingbo, Hanyun Inc., Xinyun Inc., EastUp Holding Limited, Connect The Unconnected Limited, Flyflux Holding Limited, and Technolo-Jin CO., LTD.
"Director(s)"	the director(s) of our Company
"Global Offering"	the Hong Kong Public Offering and the International Offering as defined in the Prospectus
"Group", "our Group", "the Group", "we", "us", or "our"	the Company, its subsidiaries and the Consolidated Affiliated Entities from time to time
"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

"IFRSs"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"Listing"	the listing of the Shares on the Main Board
"Listing Date"	June 30, 2022, the date on which the Shares are listed and on which dealings in the Shares are first permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
"Mr. Wu" or "Mr. WU Qiang"	Mr. WU Qiang (吳強), an executive Director, Chairman of the Board, our Chief Executive Officer and one of our Controlling Shareholders
"Nomination Committee"	the nomination committee of the Company
"New Shares"	the Shares to be offered for subscription by the Company under the Global Offering
"Prospectus"	the prospectus of the Company dated June 21, 2022
"Registered Shareholders"	the current registered shareholders of T&I Net Communication, being Mr. Wu, Beijing Tianchuang Chuangrun, Beijing Yunjing, Beijing Yunhao, Mr. Li, Mr. Pan, Mr. An and Beijing Yunyu, details of which are set out in the section headed "Contractual Arrangements" in the Prospectus
"RMB" or "Renminbi"	Renminbi, the lawful currency of PRC
"Remuneration Committee"	the remuneration committee of the Company
"Reorganisation"	the corporate restructuring of the Group in preparation for the Listing, as described in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus
"Reporting Period"	year ended December 31, 2022
"RSU(s)"	a restricted share unit award to be granted to a participant under the Share Incentive Plan
"Sale Shares"	the Shares to be offered for sale by the Selling Shareholder at the Offer Price under the Global Offering

"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital our Company with par value of US$0.0001 each
"Shareholder(s)"	holder(s) of our Share(s)
"Share Incentive Plan"	the share incentive plan of our Company adopted by the Board on May 13, 2021, the principal terms of which are set out in the section headed "Statutory and General Information – D. Share Incentive Plan" in Appendix IV to the Prospectus
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"TI Cloud (HK)"	TI Cloud (HK) Limited, a limited liability company established under the laws of the Hong Kong, and a wholly-owned subsidiary of the Company
"T&I Net Communication"	Beijing T&I Net Communication Co., Ltd. (北京天潤融通科技股份有限公司), a limited liability company established in Beijing, the PRC on February 23, 2006, and is one of our Consolidated Affiliated Entities by virtue of the Contractual Arrangements
"United States", "U.S." or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollars", "U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"WFOE"	TI Cloud (Beijing) Technology Co., Ltd. (天潤雲(北京)科技有限公司), a limited liability company established in Beijing, the PRC on April 28, 2021, an indirect wholly-owned subsidiary of our Company
"%"	per cent

GLOSSARY OF TECHNICAL TERMS

"AI"	Artificial Intelligence
"app" or "application"	application software designed to run on smartphones and other mobile devices
"ASR"	Automatic Speech Recognition, a technology that uses machine-learning algorithms to convert spoken language to text
"architecture"	the structure under which an information system's hardware, software, data and communication capabilities are put together
"cloud-based"	applications, services or resources made available to users on demand via the Internet from a cloud computing provider's servers with access to shared pools of configurable resources
"COVID-19"	coronavirus disease 2019, a disease caused by a novel virus designated as severe acute respiratory syndrome coronavirus 2
"CRM"	Customer Relationship Management, a strategy for managing an organization's relationships and interactions with customers and potential customers
"deep learning"	a subset of machine learning that has networks capable of learning unsupervised from data that is unstructured or unlabeled
"machine learning"	an AI application that provides systems the ability to automatically learn and improve from experience without being explicitly programmed
"NLP"	Natural Language Processing, AI-powered function to engage in text – and voice-based intelligent interactions
"SaaS"	Software as a Service, a cloud-based software licensing and delivery model in which software and associated data are centrally hosted
"VPC"	as a special category of public cloud, is an isolated cloud hosted within a public cloud environment and accessed exclusively by one user