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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2023

The board (the "**Board**") of directors (the "**Directors**") of TI Cloud Inc. (the "**Company**" or "**TI Cloud**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries and consolidated affiliated entities (collectively, the "**Group**") for the six months ended June 30, 2023 (the "**Reporting Period**"), together with comparative figures for the same period of 2022. These interim results have been reviewed by the Company's Audit Committee.

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

FINANCIAL HIGHLIGHTS

	Six months ended June 30,		
	2023	2022	
	RMB' in thousands, except percentages (unaudited)	*RMB' in thousands, except percentages (unaudited)*	Year-on-year change
Revenue	**212,917**	192,604	10.5%
Revenue (SaaS solutions)	**198,641**	167,669	18.5%
Gross profit	**102,067**	91,890	11.1%
Gross profit margin	**47.9%**	47.7%	–
(Loss) before tax	**(2,323)**	(3,937)	(41.0)%
(Loss) for the period	**(2,029)**	(3,808)	(46.7)%
Adjusted net profit (a non-IFRS measure)*	**1,254**	5,720	(78.1)%

* We define adjusted net profit (a non-IFRS measure) as net profit for the period adjusted by adding back share-based compensation, amortization of intangible assets in relation to acquisition and one-off listing expenses as a result of the listing of the Group on the Main Board of the Stock Exchange in June 2022 (being RMB2.1 million for the six months ended June 30, 2023, RMB1.0 million for the six months ended June 30, 2023 and RMB9.5 million for the six months ended June 30, 2022, respectively). 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**").

The Board did not recommend the distribution of an interim dividend for the six months ended June 30, 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Looking back at the Reporting Period, our revenue increased by 10.5% from RMB192.6 million for the six months ended June 30, 2022 to RMB212.9 million for the six months ended June 30, 2023 and our revenue from SaaS solutions increased by 18.5% from RMB167.7 million for the six months ended June 30, 2022 to RMB198.6 million for the six months ended June 30, 2023, primarily due to the increase in revenue generated from SaaS solutions through subscriptions by high-quality clients, revenue contributions from Beijing Yizhang Yunfeng Technology Co., Ltd. (北京易掌雲峰科技有限公司) which was acquired by the Group, and rapid expansion of our AI-related products portfolio.

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. The revolution of artificial intelligence generated content ("**AIGC**") has brought new development opportunities for customer contact industry. In March 2023, we launched the innovative Weiteng Large Language Model Platform (微藤大語言模型)("**Weiteng LLMP**"). Weiteng LLMP integrates intelligence into the process of customer contact solutions and focus on enterprise knowledge engineering to promote growth. Recently, in August 2023, we introduced version 2.0 of Weiteng LLMP, significantly enhancing the competitiveness of our SaaS products and becoming a key driver for our business growth.

We are committed to our mission of "making customer contact a better experience, with improved efficiency," and concentrated on providing cloud-native, secure and reliable customer contact solutions for our clients. We have built a broad, high-quality and loyal client base across diverse industries, including technology, insurance, automobile, education, healthcare, banking, manufacturing and logistics, to name a few. In the first half of 2023, we served a total number of 4,222 clients, increasing by 58.8% from 2,658 in the first half of 2022. We strive to cultivate long-term relationships with our clients and evaluate our performance using client retention rate (calculated as the percentage of our existing clients in the immediately preceding period who remain our clients in the current period) and dollar-based net retention rate (calculated by (i) first identifying the clients who subscribed to our solutions in both the benchmark period and the period before and (ii) then using the total revenue attributable to the identified clients in the benchmark period as the numerator and the total revenue attributable to the same group of clients in the preceding period as the denominator) on a regular basis. In the first half of 2023, our SaaS client retention rate and dollar-based net retention rate for all SaaS clients was 74.7% and 105.4%, respectively, compared to 74.7% and 80.7% in the first half of 2022.

Technology is at the heart of our solutions. In the first half of 2023, we continued to strengthen our technology leadership through product and technology innovation. We built a strong research and development team of 268 employees as of June 30, 2023, representing 45.8% of our total workforce, increasing by 5.9% from 253 as of June 30, 2022. In the first half of 2023, we maintained rapid product iteration and rolled out releases approximately on a weekly basis, at the same time achieving 99.99% uptime (calculated as the percentage of time our system is available and operational for a client in a given month). Our platform has been operating free from overall system failures for more than 48 months.

BUSINESS OVERVIEW

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

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

- *Intelligent Contact Center Solutions.* Designed to replace legacy on-premise systems, our Intelligent Contact Center Solutions help businesses migrate their contact center functions to the cloud.

- *Agile Agent Solutions*. Our Agile Agent Solutions are designed to facilitate customer contact activities outside physical contact centers, which are unserved by pureplay contact center solutions.

- *ContactBot Solutions*. Our ContactBot Solutions utilize practical AI applications to automate routine and repetitive duties traditionally handled by clients' human agents.

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

- *SaaS model.* Using 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 allows our clients to flexibly adjust the number of agent seats according to their changing business needs.

- *VPC model.* VPC solutions combine the scalability and convenience of public cloud computing with the data isolation of private cloud computing, thereby affording greater security. We help our clients deploy highly customizable solutions on the cloud computing platform of their choice, leveraging our extensive industry know-how and deep understanding of industry trends.

BUSINESS OUTLOOK

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

- Continue to maintain our leadership in technology by focusing on the deep integration of "AI, Cloud and Communication" technologies. Actively explore the latest AIGC technology 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 second half 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.

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

FINANCIAL REVIEW

Revenue

Our revenue increased by 10.5% from RMB192.6 million for the six months ended June 30, 2022 to RMB212.9 million for the six months ended June 30, 2023, primarily due to a significant increased in the revenue from SaaS solutions.

Revenue by businesses

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

	Six months ended June 30,				
	2023		2022		
	RMB'000 (unaudited)	***Percentage of total***	*RMB'000 (unaudited)*	*Percentage of total*	Year-on-year change
SaaS solutions	**198,641**	**93.3%**	167,670	87.1%	18.5%
Intelligent Contact Center Solutions	**170,525**	**80.1%**	143,602	74.6%	18.7%
Agile Agent Solutions	**21,427**	**10.1%**	19,525	10.1%	9.7%
ContactBot Solutions	**6,689**	**3.1%**	4,543	2.4%	47.2%
VPC solutions	**11,757**	**5.5%**	21,761	11.3%	(46.0)%
Other services and product sales	**2,519**	**1.2%**	3,173	1.6%	(20.6)%
Total	**212,917**	**100.0%**	192,604	100.0%	10.5%

In the first half of 2023, we generated a revenue of RMB198.6 million from the SaaS model, representing a increased by 18.5% from RMB167.7 million for the first half of 2022. In the same period, we served a total number of 4,158 clients under the SaaS model, increasing by 65.9% from 2,507 in the first half of 2022.

In the first half of 2023, we generated a revenue of RMB11.8 million from the VPC model, representing an decrease by 46.0% from RMB21.8 million for the first half of 2022, primarily attributable to a decrease in average contract value. In the same period, we served 50 VPC clients, increasing from 20 in the first half of 2023. The increase was primarily contributed by clients acquired from our acquisitions.

Cost of sales

Our cost of sales increased by 10.1% from RMB100.7 million for the six months ended June 30, 2022 to RMB110.9 million for the six months ended June 30, 2023. The increase was mainly driven by the increase of our revenue for the same period.

Gross profit and gross profit margin

As a result of the foregoing, we recorded (i) a gross profit of RMB91.9 million and RMB102.0 million for the six months ended June 30, 2022 and the six months ended June 30, 2023, respectively, and (ii) a gross profit margin of 47.7% and 47.9% for the six months ended June 30, 2022 and the six months ended June 30, 2023, respectively.

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

	2023 ***RMB'000*** ***(unaudited)***		2022 *RMB'000* *(unaudited)*	
Gross profit and gross profit margin:				
SaaS solutions	**94,674**	**47.7%**	82,382	49.1%
VPC solutions	**6,281**	**53.4%**	8,134	37.4%
Other services and product sales	**1,112**	**44.1%**	1,374	43.3%
Total	**102,067**	**47.9%**	91,890	47.7%

Other income and gains

Our other income and gains increased by 77.1% from a gain of RMB3.6 million for the six months ended June 30, 2022 to a gain of RMB6.4 million for the six months ended June 30, 2023, primarily due to an increase in bank interest income and net foreign exchange gains.

Selling and distribution expenses

Our selling and distribution expenses increased by 23.8% from RMB41.1 million for the six months ended June 30, 2022 to RMB50.9 million for the six months ended June 30, 2023. The increase was primarily due to an increase in employee benefit expenses as a result of an increase in sales and marketing staff headcount from 144 as of June 30, 2022 to 178 as of June 30, 2023.

Administrative expenses

Our administrative expenses decreased by (27.2%) from RMB19.6 million for the six months ended June 30, 2022 to RMB14.2 million for the six months ended June 30, 2023, primarily due to a decrease in professional service fees.

Research and development expenses

Our research and development expenses increased by 18.5% from RMB36.2 million for the six months ended June 30, 2022 to RMB42.9 million for the six months ended June 30, 2023, primarily attributable to an increase in employee benefit expenses as a result of an increase in our research and development headcount from 253 as of June 30, 2022 to 268 as of June 30, 2023.

Impairment losses on financial assets

Our impairment losses on financial assets increased by 3.8% from RMB2.1 million for the six months ended June 30, 2022 to RMB2.2 million for the six months ended June 30, 2023.

Other expenses and losses

We recorded other expenses and losses of RMB108 thousand for the six months ended June 30, 2022 and RMB309 thousand for the six months ended June 30, 2023, which primarily represent loss on early termination of lease by the of our office.

Finance costs

We recorded finance costs of RMB333 thousand for the six months ended June 30, 2022 and RMB263 thousand for the six months ended June 30, 2023, which primarily represent interest expenses of our lease liabilities.

(Loss)/Profit for the period

As a result of the foregoing, we generated a loss of RMB3.8 million for the six months ended June 30, 2022 and a loss of RMB2.0 million for the six months ended June 30, 2023. The net loss for the six months ended June 30, 2023 was primarily due to (i) an increase in research and development expenses of 18.5% as compared to the same period in the previous year; and (ii) an increase in selling and distribution expenses of 23.8% as compared to the same period in the previous year.

Adjusted net profit (a non-IFRS measure)

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

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 RMB1.2 million for the six months ended June 30, 2023, as compared to an adjusted net profit of RMB5.8 million for the six months ended June 30, 2022.

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

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Reconciliation of net profit and adjusted net profit		
(Loss)/Profit for the period	**(2,029)**	(3,808)
Add:		
Share-based compensation	**2,139**	25
Amortization of intangible assets in relation to acquisition	**1,144**	–
Listing expenses	**–**	9,503
Adjusted net profit	**1,254**	5,720

Contract Assets

Our contract assets decreased by 60.5% from RMB14.6 million as of June 30, 2022 to RMB5.8 million as of June 30, 2023. The decrease resulted from the decrease in the ongoing provision of our VPC solutions.

Financial investments at fair value through profit or loss

Our financial investments at fair value through profit or loss increased from RMB25.7 million as of December 31, 2022 to RMB60.2 million as of June 30, 2023, 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.

For the six months ended June 30, 2023, 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 RMB110.9 million as of June 30, 2023. As of June 30, 2023, we had no outstanding borrowings.

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

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Net cash (used in)/generated from operating activities	**(8,551)**	(25,809)
Net cash (used in)/generated from investing activities	**(64,853)**	(22,258)
Net cash (used in)/generated from financing activities	**(4,302)**	258,382
Net increase in cash and cash equivalents	**(77,706)**	210,315
Cash and cash equivalents at the beginning of the period	**188,406**	152,545
Effects of foreign exchange rate changes, net	**231**	49
Cash and cash equivalents at the end of the period	**110,931**	362,909

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

For the six months ended June 30, 2023, net cash used in operating activities was RMB8.6 million, which was primarily attributable to our loss before tax of RMB2.3 million, as adjusted by (i) non-cash items, which primarily comprised of depreciation of right-of-use assets of RMB4.2 million and interest income of RMB3.7 million, and (ii) changes in working capital, which primarily comprised of an increase in trade receivables of RMB7.1 million, an increase in prepayments, other receivables and other assets of RMB5.2 million, and a decrease in contract costs of RMB3.1 million.

For the six months ended June 30, 2022, net cash used in operating activities was RMB25.8 million, which was primarily attributable to our loss before tax of RMB3.9 million, as adjusted by (i) non-cash items, which primarily comprised of depreciation of right-of-use assets of RMB3.2 million, impairment of financial assets of RMB2.1 million, and investment income of RMB1.2 million, and (ii) changes in working capital, which primarily comprised of an increase in trade receivables of RMB35.5 million, an increase in trade payables of RMB14.6 million, and an increase in contract assets of RMB12.6 million.

Net Cash (Used in)/Generated from Investing Activities

For the six months ended June 30, 2023, net cash used in investing activities was RMB64.9 million, which was primarily attributable to payments of RMB46.9 million for business acquisition, payments of RMB85.0 million for purchases of financial investments at fair value through profit or loss, which were partially offset by proceeds of RMB64.0 million maturity of time deposits and proceeds of RMB51.1 million from disposal of financial investments at fair value through profit or loss.

For the six months ended June 30, 2022, net cash used in investing activities was RMB22.3 million, which was primarily attributable to payments of RMB368.0 million for purchases of financial investments at fair value through profit or loss, which were partially offset by proceeds of RMB345.2 million from disposal/maturity of financial investments at fair value through profit or loss.

Net Cash (Used in)/Generated from Financing Activities

For the six months ended June 30, 2023, net cash used in financing activities was RMB4.3 million, which was attributable to payments of principal portion of lease payments of RMB4.3 million.

For the six months ended June 30, 2022, net cash generated from financing activities was RMB258.4 million, which was primarily attributable to net proceeds of RMB252.1 million from issue of shares and decrease in pledged time deposits for borrowings of RMB21.0 million, partially offset by repayment of borrowings of RMB11.0 million.

Significant Investments Held

The Group did not make or hold any significant investments during the six months ended June 30, 2023.

Future Plans for Material Investments and Capital Assets

Save as disclosed in this announcement and the Prospectus, as of June 30, 2023, we did not have other plans for material investments and capital assets.

Material Acquisitions and/or Disposals of Subsidiaries and Affiliated Companies

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

Employee and Remuneration Policy

The following table sets forth the numbers of our employees categorized by function as of June 30, 2023.

Function	**Number of Staff**	**% of Total**
Research and development	268	45.81
Sales	178	30.43
Operations	100	17.09
Management	39	6.67
Total	**585**	**100**

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

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

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

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

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. During the six months ended June 30, 2023, exchange gains and losses from foreign currency transactions denominated in a currency other than the functional currency were insignificant. The Board does not expect that the fluctuation of RMB exchange rate and other foreign exchange fluctuations will have a material impact on the business operations of the Group. The Group currently has no hedging policy with respect to foreign exchange risks. Therefore, the Group has not entered into any hedging transactions to manage potential fluctuation in foreign currencies.

Contingent Liabilities

As of June 30, 2023, we did not have any material contingent liabilities or guarantees.

Important events after the end of the period

Save as disclosed in this announcement and as of the date of this announcement, there were no other significant events that might affect the Group since June 30, 2023.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

	Notes	**2023**	2022
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
			(Restated)
REVENUE	*5*	**212,917**	192,604
Cost of sales		**(110,850)**	(100,714)
Gross profit		**102,067**	91,890
Other income and gains		**6,400**	3,613
Selling and distribution expenses		**(50,864)**	(41,071)
Administrative expenses		**(14,257)**	(19,592)
Research and development expenses		**(42,884)**	(36,204)
Impairment losses on financial and contract assets, net		**(2,213)**	(2,132)
Other expenses and losses		**(309)**	(108)
Finance costs		**(263)**	(333)
LOSS BEFORE TAX	*6*	**(2,323)**	(3,937)
Income tax credit	*7*	**294**	129
LOSS FOR THE PERIOD		**(2,029)**	(3,808)
LOSS PER SHARE			
Basic and diluted (RMB)	*9*	**(1.17) cents**	(2.54) cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
LOSS FOR THE PERIOD	**(2,029)**	(3,808)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Group's subsidiaries not operating in Mainland China	**(5,130)**	–
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	**7,788**	(784)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**2,658**	(784)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**629**	(4,592)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	Notes	**June 30, 2023** ***RMB'000*** **(Unaudited)**	December 31, 2022 *RMB'000* (Audited) (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**2,495**	2,464
Right-of-use assets		**10,155**	10,897
Goodwill	*14*	**96,220**	–
Other intangible assets		**14,347**	2,462
Prepayments, other receivables and other assets		**1,168**	53,378
Deferred tax assets		**1,310**	1,089
Total non-current assets		**125,695**	70,290
CURRENT ASSETS			
Trade receivables	*11*	**95,805**	87,146
Contract assets		**5,760**	4,474
Contract costs		**8,826**	10,273
Prepayments, other receivables and other assets		**26,152**	14,291
Prepaid tax		**26**	27
Financial investments		**85,316**	40,886
Cash and cash equivalents		**239,749**	341,669
Total current assets		**461,634**	498,766
CURRENT LIABILITIES			
Trade payables	*12*	**27,991**	28,644
Contract liabilities		**36,365**	29,598
Other payables and accruals		**37,111**	28,535
Lease liabilities		**5,827**	6,668
Tax payable		**1,162**	622
Total current liabilities		**108,456**	94,067
NET CURRENT ASSETS		**353,178**	404,699
TOTAL ASSETS LESS CURRENT LIABILITIES		**478,873**	474,989
NON-CURRENT LIABILITIES			
Lease liabilities		**3,317**	3,425
Deferred tax liabilities		**1,224**	–
Total non-current liabilities		**4,541**	3,425
Net assets		**474,332**	471,564
EQUITY			
Share capital	*13*	**114**	114
Reserves		**474,218**	471,450
Total equity		**474,332**	471,564

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Note	Share capital *RMB'000*	Share premium account *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 31 December 2022 (audited)		114	247,984	95,790	106	27,499	9,653	98,499	471,645
Effect of adoption of amendments to IAS 12	*3(c)*	–	–	–	–	–	–	(81)	(81)
At 1 January 2023 (restated)		114	247,984	95,790	106	27,499	9,653	90,418	471,564
Loss for the period (unaudited)		–	–	–	–	–	–	(2,029)	(2,029)
Other comprehensive income for the period:									
Exchange differences on translation of the Company and its subsidiaries not operating in Mainland China (unaudited)		–	–	–	–	–	2,658	–	2,658
Total comprehensive income for the period (unaudited)		–	–	–	–	–	2,658	(2,029)	629
Equity-settled share-based payment arrangements (unaudited)		–	–	–	2,139	–	–	–	2,139
At 30 June 2023 (unaudited)		114	247,984*	95,790*	2,245*	27,499*	12,311*	88,389*	474,332

* These reserve accounts comprise the consolidated reserves of RMB474,218,000 (unaudited) in the consolidated statement of financial position as at 30 June 2023 (31 December 2022: RMB471,450,000 (audited and restated)).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2022

	Notes	Share capital *RMB'000*	Share premium account *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 31 December 2021 (audited)		98	–	95,790	58	27,324	153	98,048	221,471
Effect of adoption of amendments to IAS 12	*3(c)*	–	–	–	–	–	–	56	56
At 1 January 2022 (restated)		98	–	95,790	58	27,324	153	98,104	221,527
Loss for the period (restated)		–	–	–	–	–	–	(3,808)	(3,808)
Other comprehensive loss for the period:									
Exchange differences on translation of the Company and its subsidiaries not operating in Mainland China (unaudited)		–	–	–	–	–	(784)	–	(784)
Total comprehensive loss for the period (restated)		–	–	–	–	–	(784)	(3,808)	(4,529)
Issue of shares (unaudited)	*13*	16	248,222	–	–	–	–	–	248,238
Equity–settled share–based payment arrangements (unaudited)		–	–	–	25	–	–	–	25
At 30 June 2022 (unaudited and restated)		114	248,222	95,790	83	27,324	(631)	94,296	465,198

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(2,323)**	(3,937)
Adjustments for:		
Finance costs	**263**	333
Interest income	**(3,687)**	(567)
Investment income	**(583)**	(1,199)
Fair value gains on financial investments at fair value through profit or loss	**(175)**	(413)
Loss on disposal/write-off of property, plant and equipment	**5**	16
Loss/(gain) on early termination of right-of-use assets and lease liabilities	**91**	(2)
Depreciation of property, plant and equipment	**649**	773
Depreciation of right-of-use assets	**4,189**	3,220
Amortisation of other intangible assets	**1,487**	293
Impairment of financial assets	**2,213**	2,132
Equity-settled share-based payment expense	**2,139**	25
	4,268	674
Increase in trade receivables	**(7,140)**	(35,498)
Increase in contract assets	**(1,789)**	(12,607)
Decrease in contract costs	**3,147**	–
Decrease/(increase) in prepayments, other receivables and other assets	**(5,204)**	1,710
Increase/(decrease) in trade payables	**(1,020)**	14,611
Increase/(decrease) in contract liabilities	**(615)**	21
Increase/(decrease) in other payables and accruals	**(1,699)**	3,552
Effect of foreign exchange rate changes, net	**1,274**	(363)
Cash used in operations	**(8,778)**	(27,900)
Interest paid	**(263)**	(333)
Corporate income tax refunded	**490**	2,424
Net cash flows used in operating activities	**(8,551)**	(25,809)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the six months ended 30 June 2023

	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**1,428**	860
Purchases of property, plant and equipment	**(616)**	(322)
Proceeds from disposal of property, plant and equipment	**17**	5
Purchases of other intangible assets	**(708)**	–
Business acquisition	**(46,900)**	–
Purchases of time deposits with original maturity over three months	**(38,408)**	–
Proceeds from maturity of time deposits with original maturity over three months	**64,006**	–
Purchases of financial investments at fair value through profit or loss	**(85,000)**	(368,000)
Proceeds from disposal of financial investments at fair value through profit or loss	**51,065**	345,199
Purchases of financial investments at amortised cost	**(25,000)**	–
Proceeds from disposal of financial investments at amortised cost	**15,263**	–
Net cash flows used in investing activities	**(64,853)**	(22,258)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares, net of direct share issue expense	**–**	252,095
Decrease in pledged time deposits for borrowings	**–**	21,000
Repayment of borrowings	**–**	(10,990)
Principal portion of lease payments	**(4,302)**	(3,723)
Net cash flows from/(used in) financing activities	**(4,202)**	258,382
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(77,706)**	210,315
Cash and cash equivalents at beginning of period	**188,406**	152,545
Effect of foreign exchange rate changes, net	**231**	49
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**110,931**	362,909

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the six months ended 30 June 2023

	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**70,931**	362,909
Short term deposits	**40,000**	–
Time deposits	**128,818**	–
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position	**239,749**	362,909
Less: time deposits with original maturity over three months when acquired	**(128,818)**	–
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	**110,931**	362,909

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As of June 30, 2023

1. CORPORATE INFORMATION

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

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

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

The interim condensed consolidated financial information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

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 then shareholders of the Company prior to the completion of the 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 well as its subsidiaries operating in Mainland China during the period. 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, equally 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.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

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

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

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position of performance of the Group.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases that occurred on or after 1 January 2022, if any.

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

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

Impact on the interim condensed consolidated statement of financial position:

	Note	**Increase/(decrease)**		
		As at 30 June 2023	As at 31 December 2022	As at 1 January 2022
		RMB'000	*RMB'000*	*RMB'000*
Liabilities				
Deferred tax liabilities	*(i)*	**112**	81	(56)
Total non-current liabilities		**112**	81	(56)
Total liabilities		**112**	81	(56)
Net assets		**(112)**	(81)	56
Equity				
Retained profits (included in reserves)		**(112)**	(81)	56
Total equity		**(112)**	(81)	56

Note (i): The deferred tax asset and the deferred tax liability arising from lease contracts of the same subsidiary have been offset in the statement of financial position for presentation purposes.

Impact on the interim condensed consolidated statement of profit or loss:

	Increase/(decrease) For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Income tax credit	**(3)**	(63)
Loss for the period	**3**	63
Total comprehensive income for the period	**(3)**	–
Total comprehensive loss for the period	**–**	63

	Increase/(decrease) For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Basic and diluted loss per share attributable to ordinary equity holders of the Company	**0.00 cent**	0.04 cent

The adoption of amendments to IAS 12 did not have any impact on the other comprehensive income/(loss) and the interim condensed consolidated statements of cash flows for the six months ended 30 June 2023 and 2022.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

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

(d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Mainland China	**212,885**	192,604
Hong Kong	**32**	–
	212,917	192,604

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 (31 December 2022: All (audited)).

Information about major customers

During the six months ended 30 June 2023, there was no customer individually accounted for more than 10% of the Group's revenue (30 June 2022: Nil (unaudited)).

5. REVENUE

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
SaaS solutions	**198,641**	167,670
VPC solutions	**11,757**	21,761
Other services and product sales	**2,519**	3,173
	212,917	192,604

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Transfer over time:		
SaaS solutions	**198,641**	167,670
VPC solutions	**3,363**	20,301
Other services and product sales	**2,128**	2,613
	204,132	190,584
Transfer at a point in time:		
VPC solutions	**8,394**	1,460
Other services and product sales	**391**	560
	8,785	2,020
	212,917	192,604

6. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of services provided	**110,637**	100,271
Cost of products sold	**213**	443
Depreciation of property, plant and equipment	**649**	773
Depreciation of right-of-use assets	**4,189**	3,220
Amortisation of other intangible assets	**1,487**	293
Impairment of financial and contract assets, net:		
Impairment of trade receivables	**1,629**	1,896
Impairment of contract assets	**503**	236
Impairment of other receivables	**81**	–
	2,213	2,132
Foreign exchange differences, net*	**–**	85

* The amount is included in "Other expenses and losses" in profit or loss.

7. 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 (30 June 2022: Nil (unaudited)).

Hong Kong

The Hong Kong profits tax rate is 16.5% during the period. Under the two-tiered profits tax rates regime, the first HK$2,000,000 (30 June 2022: HK$2,000,000 (unaudited)) of assessable profits of the Group's subsidiary incorporated in Hong Kong, TI Cloud (HK) Limited, arising in Hong Kong will be taxed at 8.25% (30 June 2022: 8.25% (unaudited)). No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (30 June 2022: Nil (unaudited)).

7. INCOME TAX (continued)

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 at a rate of 25% on the taxable income (30 June 2022: 25% (unaudited)). During the period, T&I Net Communication and Beijing Yizhang Yunfeng Technology Co., Ltd. were entitled to a preferential tax rate of 15% (30 June 2022: 15% (unaudited)) because they were accredited as a "High and New Technology Enterprise". In addition, the Group's other subsidiaries operating in Mainland China were entitled to a preferential effective tax rate of 5% (30 June 2022: 2.5% (unaudited)) for the period because they were regarded as "small-scaled minimal profit enterprises" with annual taxable income within RMB3,000,000 (30 June 2022: within RMB1,000,000 (unaudited)) during the period.

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Current tax charged for the period	**51**	24
Deferred tax credited for the period	**(345)**	(153)
	(294)	(129)

8. DIVIDENDS

There was no dividend declared by the Group during the six months ended 30 June 2023 (30 June 2022: Nil (unaudited)).

9. LOSS PER SHARE

The calculation of the basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 170,000,400 (2022: 150,132,597 (unaudited)) in issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2023 and 2022 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2023 and 2022.

The calculation of basic and diluted loss per share are based on:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to ordinary equity holders of the Company	**(2,029)**	(3,808)

9. LOSS PER SHARE (continued)

	Number of shares For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period	**174,000,400**	150,132,597

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired assets at an aggregate cost of RMB701,000 (30 June 2022: RMB322,000 (unaudited)), and disposed of assets with an aggregate net book value of RMB21,000 (30 June 2022: RMB22,000 (unaudited)), resulting in a net loss on disposal of RMB5,000 (30 June 2022: RMB16,000 (unaudited)).

11. TRADE RECEIVABLES

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**106,180**	95,853
Impairment	**(10,375)**	(8,707)
	95,805	87,146

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:

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**65,907**	64,817
4 to 12 months	**26,882**	20,497
1 to 2 years	**3,016**	1,832
	95,805	87,146

12. TRADE PAYABLES

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

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**20,171**	19,409
4 to 12 months	**5,206**	8,624
1 to 2 years	**2,419**	513
Over 2 years	**195**	98
	27,991	28,644

13. SHARE CAPITAL

	30 June 2023		31 December 2022	
	USD'000	***RMB'000 equivalent***	*USD'000*	*RMB'000 equivalent*
	(Unaudited)	**(Unaudited)**	(Audited)	(Audited)
Issued and fully paid: 174,000,400 (31 December 2022: 174,000,400) ordinary shares at USD0.0001 each	**17**	**114**	17	114

A summary of movements in the Company's share capital and share premium account is as follows:

	Number of shares in issue	**Share capital**		**Share premium account**	**Total**
		USD'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022 (unaudited)	150,000,000	15	98	–	98
Issue of shares at 30 June 2022 (note) (unaudited)	24,000,000	2	16	263,728	263,744
Share issue expenses	–	–	–	(15,506)	(15,506)
At 30 June 2022 (unaudited)	174,000,400	17	114	248,222	248,336
At 1 January and 30 June 2023 (unaudited)	174,000,400	17	114	247,984	248,098

Note: 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 at approximately RMB263,744,000).

14. BUSINESS COMBINATION

(A) Acquisition of Beijing Yizhang Yunfeng Technology Co., Ltd. (the "Yizhang Yunfeng Acquisition")

On 15 December 2022, TI Cloud (HK) Limited ("TI HK"), the Company, T&I Net Communication, Agora Inc. ("Agora"), Beijing Yisimobo Network Technology Co., Ltd., Beijing Yizhang Yunfeng Technology Co., Ltd. ("Yizhang Yunfeng") and AKKO NET LIMITED ("AKKO", an indirect wholly-owned subsidiary of Agora) entered into an equity transfer agreement pursuant to which AKKO has conditionally agreed to sell, and TI HK has conditionally agreed to buy, the entire equity interest of Yizhang Yunfeng at a cash consideration of US$14,600,000 (equivalent to RMB101,700,000), all of which has been paid as of 30 June 2023. The Yizhang Yunfeng Acquisition was made as part of the Group's strategy to expand its market shares and strengthen its research and development of SaaS business. The transaction was completed on 1 February 2023, and accordingly Yizhang Yunfeng became a wholly-owned subsidiary of the Group.

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

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

14. BUSINESS COMBINATION (continued)

(A) Acquisition of Beijing Yizhang Yunfeng Technology Co., Ltd. (the "Yizhang Yunfeng Acquisition") (continued)

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

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

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

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

Since the acquisition, Yizhang Yunfeng contributed RMB8,131,000 to the Group's revenue and RMB4,743,000 to the consolidated loss for the six months ended 30 June 2023.

Had the combination taken place at the beginning of the period, the revenue and loss of the Group for the period would have been RMB214,795,000 and RMB2,821,000, respectively.

(B) Acquisition of the SaaS business of Chengdu GoldArmor Technology Inc. (the "GoldArmor Acquisition")

On 30 November 2022, T&I Net Communication and Chengdu GoldArmor Technology Inc. ("GoldArmor") entered into a business and asset transfer agreement pursuant to which GoldArmor has conditionally agreed to sell, T&I Net Communication has conditionally agreed to buy, the SaaS business operated by GoldArmor (the "GoldArmor Business") and its related assets at a cash consideration of RMB16,000,000, of which RMB3,200,000 has been paid in 2022, RMB5,000,000 has been paid during the period and RMB7,800,000 remained unsettled as of 30 June 2023. The GoldArmor Acquisition was made as part of the Group's strategy to expand its market shares of SaaS business with a brand name known as Live800. The transaction was completed on 9 January 2023, and the GoldArmor Business has since carried out by Chengdu Tianrun Golden Armor Technology Co., Ltd., a new established wholly-owned subsidiary of the Group.

14. BUSINESS COMBINATION (continued)

(B) Acquisition of the SaaS business of Chengdu GoldArmor Technology Inc. (the "GoldArmor Acquisition") (continued)

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

	Fair value recognised on acquisition
	RMB'000
Other intangible assets	5,700
Right-of-use assets	1,023
Prepayments, other receivables and other assets	318
Lease liabilities	(1,024)
Deferred tax liabilities	(285)
Total identifiable net assets at fair value	5,732
Goodwill on acquisition	10,268
	16,000
Satisfied by cash	
Prepaid in 2022	3,200
Paid in current period	5,000
Payable as of 30 June 2023	7,800
	16,000

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

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

	RMB'000
Cash consideration paid in current period	5,000
Net outflow of cash and cash equivalents included in cash flows from investing activities	5,000
Transaction costs of the acquisition included in cash flow from operating activities	50
	5,050

Since the acquisition, the SaaS business acquired from GoldArmor contributed RMB4,973,000 to the Group's revenue and RMB3,334,000 to the consolidated loss for the six months ended 30 June 2023.

Had the combination taken place at the beginning of the period, the revenue and loss of the Group for the period would have been RMB212,956,000 and RMB2,250,000, respectively.

15. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Short-term employee benefits	**1,392**	2,091
Post-employment benefits	**153**	136
	1,545	2,227

16. 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:

	Carrying amounts		Fair values	
	30 June 2023	31 December 2022	**30 June 2023**	31 December 2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Financial investments at fair value through profit or loss	**60,175**	25,733	**60,175**	25,733
Other receivables and other assets, non-current portion	**310**	658	**292**	634
	60,485	26,391	**60,467**	26,367

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, financial assets included in prepayments, other receivables and other assets, and financial liabilities included in other payables and accruals 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 the end of the reporting period, 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.

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 unlisted investments mainly comprise structured deposits. The Group has estimated the fair value of structured deposits by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The Group's non-current portion of other receivables and other assets were security deposits relating to lease contracts for buildings. Their fair values have been calculated by discounting the expected future cash flows using rated currently available for instruments with similar terms, credit risk and remaining maturity.

16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

As at 30 June 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Financial investments at fair value through profit or loss	**–**	**60,175**	**–**	**60,175**

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)	(Audited)	(Audited)	(Audited)
Financial investments at fair value through profit or loss	25,733	–	–	25,733

The Group did not have any financial liabilities measured at fair value as at the end of the reporting period (31 December 2022: Nil (audited)).

During the period, 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 (30 June 2022: Nil (unaudited)).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company was incorporated in the Cayman Islands on March 31, 2021 with limited liability, and the shares of the Company were listed on the Main Board of the Stock Exchange on June 30, 2022 (the "**Listing Date**").

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**"). For the Reporting Period, the Company has applied the principles and complied with all the applicable code provisions as set out in Part 2 of the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") except as disclosed below.

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

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

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 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.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the unaudited consolidated interim results of the Group for the six months ended June 30, 2023 with no disagreement and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control system, risk management, financial reporting matters with senior management members.

OTHER BOARD COMMITTEES

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

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange.

INTERIM DIVIDEND

The Board did not recommend the distribution of an interim dividend for the six months ended June 30, 2023 (six months ended 30 June 2022: Nil).

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, 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. The additional net proceeds were used for the purposes and in the proportion as shown in the Prospectus.

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*	Amount of net proceeds utilized during the six months ended June 30, 2023 *HK$ million*	Balance of net proceeds unutilized as of June 30, 2023 *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	21.6	156.6	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	11.6	32.5	Before December 31, 2025
Used for working capital and general corporate purposes	12.8	5%	6.2	6.1	0.5	Before December 31, 2025
Total	**255.7**	**100%**	**26.8**	**39.2**	**189.7**	

As of June 30, 2023, the amount of the net proceeds which has remained unutilized amounted to approximately HK$189.7 million. There has been no material change or delay in the intended use of net proceeds as previously disclosed in the Prospectus.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www. hkexnews.hk and the website of the Company at www.ti-net.com.cn. The interim report of the Group for the six months ended June 30, 2023 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Shareholders in due course.

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

Hong Kong, August 30, 2023

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