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

2023
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) *(Chairman)*
Li Pengtao (李鵬濤)
Weng Yang (翁陽)

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Wu Qiang (吳強) *(Chairman)*
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

FIVE-YEAR FINANCIAL SUMMARY

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

	Year ended December 31,				
	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)	(Restated)	(Restated)	(Restated)
Revenue	**446,846**	383,244	401,897	353,744	334,813
Gross profit	**214,776**	184,943	182,703	175,439	155,883
Gross profit margin	**48.1%**	48.3%	45.5%	49.6%	46.6%
Profit/(Loss) before tax	**(9,036)**	(7,772)	18,486	78,655	65,496
Profit/(Loss) for the period	**(8,631)**	(7,511)	17,874	70,114	59,057
Adjusted net profit (a non-IFRS measure)[2]	**(2,354)**	3,982	37,402	70,167	59,145

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION[1]

	As of December 31,				
	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)	(Restated)	(Restated)	(Restated)
ASSETS					
Non-current assets	**129,931**	70,290	15,126	28,891	30,020
Current assets	**476,675**	498,766	286,648	266,601	231,625
Total assets	**606,606**	569,056	301,774	295,492	261,645
EQUITY					
Equity attributable to owners of the Company	**470,365**	471,564	221,527	228,055	187,484
Total equity	**470,365**	471,564	221,527	228,055	187,484
LIABILITIES					
Non-current liabilities	**5,570**	3,425	2,709	8,286	10,308
Current liabilities	**130,671**	94,067	77,538	59,151	63,853
Total liabilities	**136,241**	97,492	80,247	67,437	74,161
Total equity and liabilities	**606,606**	569,056	301,774	295,492	261,645

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 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 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 RMB6.3 million for the year ended December 31, 2023 and RMB11.4 million for the year ended December 31, 2022, respectively). Shareholders and potential investors of the Company should note that the adjusted net profit is not a measure required by, or presented in accordance with, the International Financial Reporting Standards (the "**IFRSs**").

BUSINESS REVIEW

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

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

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

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

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

BUSINESS OVERVIEW

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

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

- *Intelligent Contact Center Solutions*. Designed to replace legacy on-premise systems, our Intelligent Contact Center Solutions help businesses migrate their contact center functions to the cloud, including omni-channel customer service, call center, and smart work orders, and other products.

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

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

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

SaaS model

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

VPC model

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

Other Services and Product Sales

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

Our Offerings

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

Intelligent Contact Center Solutions

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

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

- Efficient assistance based on human-machine collaboration ("**copilot**")

  (i) Intelligently extract conversation records with customers during the interactions, and automatically generate business records, so as to improve communication efficiency;

  (ii) Optimize the preliminary response with one click through the Weiteng LLMP, making the agent's expression more professional and approachable during the interaction;

  (iii) By monitoring and identifying customer emotions in real time, the agents can promptly switch communication strategies based on customers' emotional states to improve service quality;

  (iv) Automatically analyze conversation intent to aid in the search and provision of matched recommended responses, ensuring agents address customer queries without delays; and

  (v) Rapidly generate a summary of the conversation after the call and intelligently fill it in the business record or create a work order to facilitate subsequent follow-ups.

- In depth data insights based on conversation analysis

  (i) Analyze agents' speech techniques, automatically extract excellent communication practices from well-executed conversations, and create a set of gold-standard scripts;

  (ii) Intelligently identify customer issues in historical conversations and conduct text clustering and refining analysis;

  (iii) Analyze customer expressions during calls to distill their views, creating a deeper connection with their sentiments during calls; and

  (iv) Significantly improve quality assessment efficiency, by generating an agent competency model and making precise recommendations, base on the scores of multiple indicators such as service efficiency, problem-solving skill, professional level, service attitude, and communication skills.

Agile Agent Solutions

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

ContactBot Solutions

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

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

- Intelligent Expansion of Corpus: Relying on Weiteng's LLM and years of knowledge accumulation in vertical industries, quickly enrich the robot's corpus in the cold start stage.

- FAQ Extraction: In the startup phase, identify know-how from the documents in diverse formats and quickly extract FAQs into the database.

- Document-based Q&A: Import various corporate documents with one click to build a knowledge base, quickly locate relevant content within documents through large models, and summarize and generate answers.

- Knowledge Base Health Check: Identify and correct defects in the knowledge base to ensure its quality.

- Unique Customer Experience: ContactBot automatically adopts targeted communication strategies based on different customer profiles.

BUSINESS OUTLOOK

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

- Continue to maintain our leadership in technology by focusing on the deep integration of "AI, Cloud and Communication" technologies. Actively explore the latest AIGC technology both domestically and internationally, deepen our layout in intelligent customer service, ContactBot and other aspects and continue to implement the application upgrade of "AI+ customer contact solutions". With the growing demand by enterprise clients for intelligent, efficient and comprehensive customer contact solutions to satisfy their needs for seamless user experiences and the development of the latest AIGC technology, we anticipate that a broad range of usage scenarios will become automated, further enhancing the commercial value of customer contact solutions;

- Continue to optimize and expand the portfolio of solutions to provide better products and service experience for corporate clients. Through this approach, we aim to achieve sustained and healthy growth of SaaS subscribers, increase user engagement and record a high net retention amount. We have successfully built three product innovation and R&D centers in Beijing, Nanjing and Chengdu. Looking ahead to 2024, our focus is to further improve the R&D efficiency in the Group's overall customer contact solution products;

- Effectively strengthen our sales and marketing capabilities. As we continued to build our sales and marketing team in the years of 2021, 2022 and 2023, we have basically completed the sales coverage of the major areas with high development potential in China. In the future, we will continue to expand our coverage in Bohai Rim, East China, Pearl River Delta and Chengdu-Chongqing regions to enhance our sales capabilities outside of tier-1 cities and scale up our presence in a cost-effective manner; and

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

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

FINANCIAL REVIEW

Revenue

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

Revenue by businesses

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

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

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

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

Cost of sales

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

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

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

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

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

Gross profit and gross profit margin

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

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

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

Other income and gains

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

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

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

Selling and distribution expenses

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

Administrative expenses

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

Research and development expenses

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

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

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

Impairment losses on financial and contract assets

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

Other expenses and losses

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

Finance cost

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

Loss for the year

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

Adjusted net profit (a non-IFRS measure)

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

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

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

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

Contract assets

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

Financial investments

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

Financial Position, Liquidity, Capital Resources and Gearing Ratio

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

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

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

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

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

Net Cash Generated from Operating Activities

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

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

Net Cash Used in Investing Activities

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

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

Net Cash Used in Financing Activities

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

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

Significant Investments

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

Future Plans for Material Investments and Capital Assets

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

Material Acquisitions and/or Disposals of Subsidiaries and Affiliated Companies

On December 15, 2022 (after trading hours), TI Cloud (HK) Limited (the "**Purchaser**") (a wholly-owned subsidiary of the Company), the Company, Beijing T&I Net Communication Co., Ltd. (北京天潤融通科技股份有限公司), Agora Inc., Beijing Yisimobo Network Technology Co., Ltd. (北京億思摩博網絡科技有限公司), Beijing Yizhang Yunfeng Technology Co., Ltd. (北京易掌雲峰科技有限公司) (the "**Target Company**") and AKKO NET LIMITED (the "**Vendor**") entered into an equity transfer agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the entire equity interest in the Target Company at an initial consideration of approximately US$14.6 million (approximately HK$113.7 million) (the "**Acquisition**"), subject to the adjustment. The initial consideration was determined after arm's length negotiation, having considered the consideration paid by the Vendor at the time of its acquisition of the Target Company in 2021, the prevailing market pricing for SaaS business, the revenue generated from the Target Company, the business prospects and the synergy effect brought by the Target Company to the Group. Upon completion of the Acquisition that took place on February 1, 2023, the Target Company became an indirect wholly-owned subsidiary of the Company.

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

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

Environmental, Social and Governance

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

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

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

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

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

Employee and Remuneration Policy

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

Function	Number of Employees	% of Total
Research and development	269	45.7%
Sales	173	29.4%
Operations	108	18.4%
Management	38	6.5%
Total	588	100.0%

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

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

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

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

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

Foreign Exchange Risk

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

Capital Commitments

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

Contingent Liabilities

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

Charge of Assets

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

Important Events after the End of the Reporting Period

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

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

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)	53	Executive Director, Chairman of the Board and Chief Executive Officer
Mr. PAN Wei (潘威)	52	Executive Director
Mr. LI Jin (李晉)	51	Executive Director
Mr. AN Jingbo (安靜波)	42	Executive Director
Ms. WENG Yang (翁陽)	52	Independent non-executive Director
Mr. LI Pengtao (李鵬濤)	48	Independent non-executive Director
Mr. LI Zhiyong (李志勇)	52	Independent non-executive Director

Executive Directors

Mr. WU Qiang (吳強), aged 53, 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 director of AsiaInfo Security Technology Co., Ltd. (亞信安全科技股份有限公司) since September 2023; 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 52, 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 51, 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. Since December 2023, Mr. Li has served as the legal representative and executive director of Chengdu Tianrun Jinjia Technology Co., Ltd. (成都天潤金鎧甲科技有限公司); the legal representative, executive director and financial director of Beijing Zhonghuan Transsion Technology Co., Ltd. (北京中環傳音科技有限公司) and Beijing Zhonghuan Yundong Technology Co., Ltd. 北京中環雲動科技有限公司).

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 42, 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 52, has been an independent non-executive Director and a member of the audit committee of the Company ("**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 48, 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 served 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)) from October 2020 to August 2023, where he was mainly responsible for the overall business operation. Mr. LI Pengtao has been serving as the executive director, manager and legal representative of Shanghai Suhe Technology Co., Ltd. (上海速禾科技有限公司) since September 2020. Since August 2021, he has been serving as the executive director, manager and legal representative of Beijing Shuwei Technology Co., Ltd. (北京數緯科技有限公司).

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 52, 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). He has served as the executive affairs partner of Shanghai Huizhuo Enterprise Management Center (Limited Partnership) (上海慧卓企業管理中心(有限合夥)) since October 2020. 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). Since June 2023, Mr. LI Zhiyong has served as the executive director, general manager and legal representative of Wison (Zhoushan) New Energy Research Institute Co., Ltd. (惠生(舟山)新能源研究院有限公司) Mr. LI Zhiyong has served as the executive affairs partner of Nantong Huijin Enterprise Management Center (Limited Partnership) (南通慧錦企業管理中心(有限合夥)) since October 2023 and a director of Wison Clean Energy Technology Group Co., Ltd. (惠生清潔能源科技集團股份有限公司) since December 2023.

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.

Joint Company Secretaries

Mr. WANG Huan (王歡), aged 37, 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 34, 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)), and the company secretary of CARsgen Therapeutics Holdings Limited (a company listed on the Stock Exchange (stock code: 2171)), 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)).

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.

SENIOR MANAGEMENT

Mr. WU Qiang, Mr. PAN Wei, Mr. LI Jin, Mr. AN Jingbo are each an executive Director of our Company and also a member of our senior management team. For further details, please refer to "－Executive Directors" for details of their biography.

Change in Senior Management

Mr. ZHANG Tao (張濤) ("Mr. Zhang") tendered his resignation as the chief financial officer of the Company due to his personal reasons, with effect from December 8, 2023. Following the effective date of his resignation, Mr. Zhang did not hold any position in the Group.

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, 2023.

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 annual report. Please refer to Note 1 to the consolidated financial statements on pages 135 to 136 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 Reporting Period, on December 18, 2023, the Board formally resolved to utilize the share repurchase mandate granted by the Board at the annual general meeting held on May 25, 2023 to repurchase Shares in the open market from time to time at a maximum aggregate amount of HK$10 million (the "**Proposed Share Repurchase**"). Save as otherwise disclosed in this annual report, during the year ended December 31, 2023 and as of the date of this annual report, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange. For further details regarding the Proposed Share Repurchase, please refer to the announcement of the Company dated December 18, 2023.

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, 2023 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 21 of this annual report. Those discussions form part of this annual report. Events affecting our company that have occurred since the end of the 2023 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 32 and page 47 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 page 31 of this annual report and will also be set out in the "Environmental, Social and Governance Report" on pages 77 to 120 of this annual report.

RESULTS

The results of the Group for the year ended December 31, 2023 are set out in the consolidated statement of profit or loss and consolidated statement of comprehensive income on page 126 and page 127 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 amended and restated articles of association of our Company adopted on June 16, 2022 and became effective on the Listing Date, as amended (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, 2023 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, 2023 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, 2023.

EQUITY-LINKED AGREEMENTS

Save as disclosed in "Share Incentive Plan" on pages 39 to 45 of this annual report, no equity-linked agreements were entered into by the Group, or existed during the year ended December 31, 2023.

DIVIDENDS

The Board did not recommend the distribution of a final dividend for the year ended December 31, 2023. No Shareholder has waived or agreed to waive any dividends for the year ended December 31, 2023.

DISTRIBUTABLE RESERVES

As of December 31, 2023, the Company had distributable reserves of RMB248.0 million.

Details of movements in the reserves of the Company during the year ended December 31,2023 are set out in Notes 29 and 39 of the consolidated financial statements.

USE OF PROCEEDS

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

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

Intended use of net proceeds	Allocation of net proceeds HK$ million	Percentage of total net proceeds	Amount of net proceeds unutilized as of January 1, 2023 HK$ million	Amount of net proceeds utilized for the year ended December 31, 2023 HK$ million	Balance of net proceeds unutilized as of December 31, 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%	178.2	47.0	131.2	Before December 31, 2025
Used over the next five years to further enhance our brand image in the market for customer contact solutions, expand our direct sales team, improve our sales capabilities and increase our marketing efforts	51.1	20%	44.2	24.8	19.4	Before December 31, 2025
Used for working capital and general corporate purposes	12.8	5%	6.6	6.6	–	
Total	**255.7**	**100%**	**229.0**	**78.4**	**150.6**	

BORROWINGS

As of December 31, 2023, we had no outstanding borrowings.

Gearing ratio was not applicable as the Group recorded net cash as of December 31, 2023. 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, 2023, 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 77 to 120 of this annual report.

MAJOR CLIENTS AND SUPPLIERS

During the year ended December 31, 2023, revenue from our Group's top five clients, accounted for 27.10% (2022: 31.0%) of our Group's revenue in the same year. Our Group's largest client for the 2023 financial year accounted for approximately 8.70% (2022: 8.9%) of our Group's revenue in the same year. During the year ended December 31, 2023, cost of revenue from our Group's five largest suppliers accounted for 55.20% (2022: 68.4%) of our Group's total cost of revenue amount in the same year. Our Group's largest supplier for the 2023 financial year accounted for approximately 25.80% (2022: 33.7%) of our Group's total cost of revenue amount in the same year.

During the year ended December 31, 2023, 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

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended December 31, 2023, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Group is committed to fulfilling its social responsibility, promoting employee benefits and development, protecting the environment and giving back to the community, and achieving sustainable growth. The Group prioritizes the complete protection of employees' rights and interests while striving for mutually beneficial outcomes by taking proactive measures to prevent occupational hazards and provide a secure work environment. To realize our goal of becoming the most reliable partner in the customer contact sector, we are unwavering in our pursuit of exceptional performance in service quality, technology innovation, partnerships, and various other areas. Simultaneously, our successful ISO 14001 recertification during the Reporting Period highlights our commitment to environmental protection and the significance of our environmental policy. A discussion on the Group's environmental policies and performance is set out in the Environmental, Social and Governance Report of 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 and Related Party 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, 2023.

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 first annual general meeting of the Company after his appointment and shall then be eligible for re-election at that meeting.

Accordingly, Mr. Pan Wei, Mr. Li Jin and Mr. An Jingbo 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 be published by the Company.

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 22 to 26 of this annual report.

On December 8, 2023, Mr. ZHANG Tao (張濤) ("**Mr. Zhang**") tendered his resignation as the chief financial officer of the Company due to his personal reasons, with effect from December 8, 2023. Following the effective date of his resignation, Mr. Zhang did not hold any position in the Group.

Save as disclosed above, 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, 2023. The Company has purchased 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 and Related Party 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, 2023.

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, 2023.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the year ended December 31, 2023 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, 2023, 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, 2023, 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, 2023, 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	12,007,372 (L)	6.90%
Tricor Trust (Hong Kong) Limited[6]	Trustee	12,007,372 (L)	6.90%
Agora, Inc.[7]	Beneficial interest	9,453,400 (L)	5.43%
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 (as defined below), 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) Agora, Inc. ("**Agora**") is an exempted company with limited liability incorporated in the Cayman Islands and a cornerstone investor of the Company. Agora is listed on Nasdaq Global Select Market under the symbol "API".

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

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

Name of Shareholder	Name 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%

Note:

(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 99% by Mr. Tian.

Save as disclosed above, as of December 31, 2023, 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 Corporate Governance Code as set out in Appendix C1 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 of our Company ("**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.

For the year ended December 31, 2023, 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 RMB206,284, RMB170,400, RMB170,400 and RMB169,771, respectively.

Save as disclosed above, during the Reporting Period, none of the Directors waived or agreed to waive any remuneration (2022: RMB662,000;) 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, 2023 and December 31, 2023 were 4,166,785 and 3,612,182, respectively.

During the Reporting Period, on January 3, 2023, 912,648 RSUs (the "**2023 Grant**") to six (6) grantees in accordance with the terms of the Share Incentive Plan (the "**2023 Grantee**"), 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 the 2023 Grant was HK$12.68. For further details of the 2023 Grant, please refer to the announcement of the Company dated January 3, 2023.

Subsequent to the end of the Reporting Period, on January 15, 2024, the Company granted 498,500 RSUs (the "**2024 Grant**") to 46 grantees in accordance with the terms of the Share Incentive Plan (the "**2024 Grantee**"), which are to be vested to each Grantee in three equal tranches on January 15, 2025, January 15, 2026, and January 15, 2027. 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 the 2024 Grant was HK$4.89. No new Shares are issued and allotted in relation to the 2024 Grant. For details of the 2024 Grant, please refer to the announcement of the Company dated January 15, 2024.

As at the date of this annual report, an aggregate of 22,478,109 Shares were granted pursuant to the Share Incentive Plan, representing approximately 12.92% of the Company's issued Shares. As such, the maximum number of Shares that may be granted pursuant to the Share Incentive Plan is 3,113,682 Shares, representing approximately 1.79% 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 the restricted share unit award to be granted to a participant under the Share Incentive Plan ("**RSU(s)**"), 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 a 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, 2023 are set out below:

Name/Type	Date of grant[3]	Vesting Period	Number of RSUs unvested as of January 1, 2023	Number of Restricted Shares unvested as of January 1, 2023	Number of RSUs granted during the Reporting Period[3]	Number of Restricted Shares granted during the Reporting Period[3]	Number of RSUs vested during the Reported Period[6]	Number of Restricted Shares vested during the Reporting Period[6]	Number of RSUs cancelled during the Reporting Period[7]	Number of Restricted Shares cancelled during the Reporting Period[7]	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, 2023[5]	Number of Restricted Shares unvested as of December 31, 2023[5]	Closing price of the Shares immediately before date of award of RSU or Restricted Shares[4]
Directors of the Company															
Nil[1]															
Senior management															
Zhang Tao[2]	May 13, 2021	on the 6-month, 18-month and 30-month anniversaries of the Listing Date	0	1,000,000	0	0	0	500,000	0	0	0	0	0	500,000	–
Five highest paid individuals during 2023 (In aggregate)	May 13, 2021	on the 6-month, 18-month and 30-month anniversaries of the Listing Date	6,667	1,733,435	0	0	3,333	866,718	0	0	0	0	3,334	866,717	–
	January 3, 2023	in three equal tranches: (i) 1/3 on January 3, 2024; (ii) 1/3 on January 3, 2025; and (iii) 1/3 on January 3, 2026	0	0	585,540	0	0	0	0	0	0	0	585,540	0	–

Name/Type	Date of grant[3]	Vesting Period	Number of RSUs unvested as of January 1, 2023	Number of Restricted Shares unvested as of January 1, 2023	Number of RSUs granted during the Reporting Period[3]	Number of Restricted Shares granted during the Reporting Period[3]	Number of RSUs vested during the Reported Period[6]	Number of Restricted Shares vested during the Reporting Period[6]	Number of RSUs cancelled during the Reporting Period[7]	Number of Restricted Shares cancelled during the Reporting Period[7]	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, 2023[5]	Number of Restricted Shares unvested as of December 31, 2023[5]	Closing price of the Shares immediately before date of award of RSU or Restricted Shares[4]
Other employees	May 13, 2021	on the 6-month, 18-month and 30-month anniversaries of the Listing Date	234,061	11,914,652	0	0	97,686	5,850,862	38,667	212,937	0	0	97,708	5,850,853	–
	May 13, 2021	on the 6-month, 18-month, 30-month, 42-month and 54-month anniversaries of the Listing Date	40,000	0	0	0	10,000	0	0	0	0	0	30,000	0	–
	January 3, 2023	in three equal tranches: (i) 1/3 on January 3, 2024; (ii) 1/3 on January 3, 2025; and (iii) 1/3 on January 3, 2026	0	0	327,108	0	0	0	87,108	0	0	0	240,000	0	12.70
Total	/	/	280,728	14,648,087	912,648	0	111,019	7,217,580	125,775	212,937	0	0	956,582	7,217,570	–

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, 2023. 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, 2023.

(2) Our former chief financial officer who was appointed as our Chief Financial Officer in March 2021 and resigned from the position on December 8, 2023.

(3) The fair value of each RSUs was calculated based on the market price of the Company's Shares at the grant date. The fair value of Awards granted to the Eligible Participants during the Reporting Period was RMB10,298,258, and the corresponding share-based payment expense was RMB6,968,380, after deducting the amount of the cash consideration paid/payable by the Eligible Participants.

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

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

(6) The closing price of the Shares immediately before the vest of the Shares is HK$6.60.

(7) 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

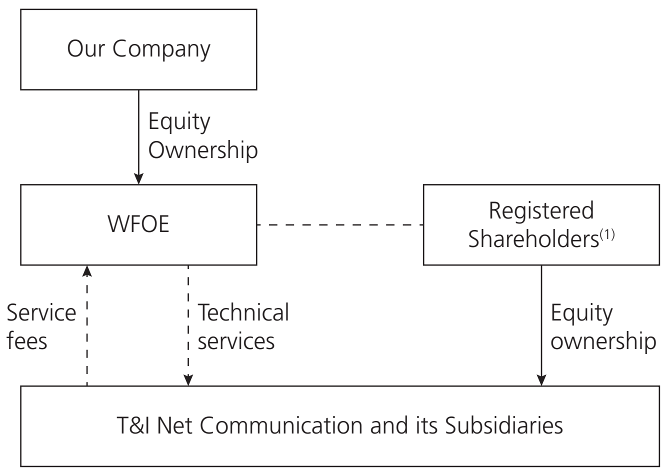
For the purposes of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", the Consolidated Affiliated Entities were treated as the Company's wholly-owned subsidiaries, and its directors, chief executives or substantial shareholders (as defined in the Listing Rules) 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 the PRC, 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 ("**Contractual Arrangement(s)**") 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, 2023, 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 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 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 the Listing Date to December 31, 2023, 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 are 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 33 to the consolidated financial statements. Save 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, 2023 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, 2023, (iii) no new contracts were entered into, renewed or reproduced between the Group and the Consolidated Affiliated Entities during the year ended December 31, 2023, 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, 2023:

(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, 2023 have been audited by Ernst & Young, who will retire and, being eligible, offer themselves for re-appointment at the annual general meeting.

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, 2023 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 27, 2024

The Board is pleased to present the Corporate Governance Report of the Company for the year ended December 31, 2023.

CORPORATE GOVERNANCE PRACTICES

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 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**").

Throughout the year ended December 31, 2023, the Company has applied the principles and complied with all the applicable code provisions as set out in Part 2 of the Corporate Governance Code contained in Appendix C1 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 Corporate Governance Code provides that board meetings should be held at least four times a year at approximately quarterly intervals. During the year ended December 31, 2023, the Company had held four Board meetings.

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

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

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

CORPORATE CULTURE

The Company is committed to the principles of "openness, collaboration, and self-criticism," which serve as the cornerstone of its long-term development strategy. These values are deeply integrated into the Company's daily operations and strategic decisions. To uphold these principles, the Company embraces a culture where ideas and feedback are openly shared and valued across all levels, enhancing collaboration and fostering a transparent environment that encourages self-criticism and continuous improvement.

For further information of the Company's corporate culture, please refer to the "Environmental, Social and Governance Report" published by the Company.

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 22 to 26 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 three (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 after his appointment 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 coordinating 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, 2023, 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)	✓

Note:

(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 Corporate Governance 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. During the year ended December 31, 2023, the Company had held four Board meetings.

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 Corporate Governance 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)	4/4	N/A	2/2	2/2
Pan Wei (潘威)	4/4	N/A	N/A	N/A
Li Jin (李晉)	4/4	N/A	N/A	N/A
An Jingbo (安靜波)	4/4	N/A	N/A	N/A
Weng Yang (翁陽)	4/4	3/3	N/A	2/2
Li Pengtao (李鵬濤)	4/4	3/3	2/2	2/2
Li Zhiyong (李志勇)	4/4	3/3	2/2	N/A

During the Reporting Period, an annual general meeting was held on May 25, 2023 at the meeting room at 29/F, No.1 Building, 2nd Compound, Ronghua South Road, Beijing Economic and Technological Development Zone, Beijing, PRC. Mr. Wu Qiang, Mr. Pan Wei, Mr. Li Jin, Mr. An Jingbo, Ms. Weng Yang, Mr. Li Pengtao and Mr. Li Zhiyong attended the annual general meeting.

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

The Company has established an audit committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance 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 three meetings during the Reporting Period. The following is a summary of work performed by the Audit Committee during the Reporting Period:

- reviewed the annual results announcement and the annual report of the Group for the year ended December 31, 2022;
- reviewed the interim results announcement and the interim report of the Group for the six months ended June 30, 2023; and
- reviewed the findings and recommendations of the external auditor.

On March 27, 2024, the Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended December 31, 2023 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

The Company has established Remuneration Committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance 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 C1 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.

The Remuneration Committee held two meetings during the Reporting Period to review and make a recommendation to the Board on the remuneration policy and structure of the Company and the remuneration packages of the Directors and senior management, the Share Incentive Plan and other related matters.

On March 27, 2024, 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, 2023 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, 2023 is set out below:

	Number of members of senior management
Nil to RMB500,000	1
RMB500,001 to RMB1,000,000	4
RMB1,000,001 to RMB1,500,000	0
Total	5

Nomination Committee

The Company has established a nomination committee in compliance with the Corporate Governance 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.

During the Reporting Period, the Nomination Committee held two meetings.

Board Diversity Policy

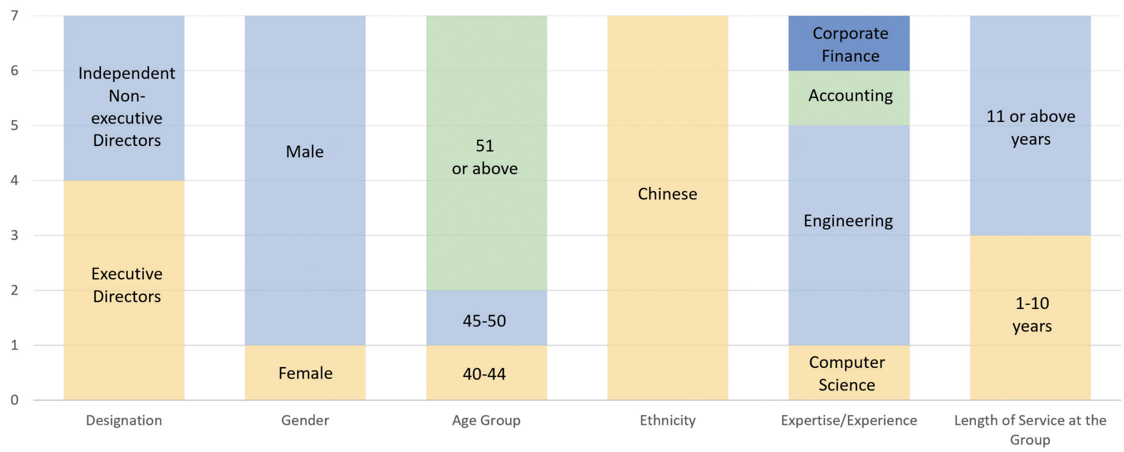
The Company has adopted the Board Diversity Policy which sets out the approach to enhance the effectiveness of our Board and to maintain high standard of corporate governance. The Board Diversity Policy sets out the criteria in selecting candidates to our Board, including but not limited to gender, age, 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, 2023.

NUMBER OF DIRECTORS



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 enhancing gender diversity in accordance with stakeholder expectations and the 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	30.78%	69.22%
Overall workforce	30.78%	69.22%

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 on page 108 in the Environmental, Social and Governance Report on pages 77 to 120 of this annual report.

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 Corporate Governance 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 re-election 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 Corporate Governance 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 Corporate Governance 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 121 to 125 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 reviewed the effectiveness of the Group's risk management and internal control system for each financial year and has completed the review for the year ended December 31, 2023. The Board confirmed that for the year ended December 31, 2023, (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 the PRC 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 resources department regularly organizes internal training sessions conducted by senior employees or external consultants on topics of interest. Our human resources department schedules online trainings, reviews the contents of the training materials, monitors the trainings, follows up with employees to evaluate the effectiveness 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, please refer to 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 services and the non-audit services for the year ended December 31, 2023. The audit services conducted by the external auditor of the Company include annual audit of financial statements for the Group. Non-audit services include interim review of financial information and tax compliance services for the Group.

Service Category	Fees Paid/Payable
	RMB'000
Audit services	2,100
Non-audit services	920
Total	3,020

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 25 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 26 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, 2023, 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 Articles of Association, adopted on June 16, 2022 and became effective on the Listing Date, is available on the Company's website and the Stock Exchange's website. The Company did not make any changes to its constitutional documents during the year ended December 31, 2023.

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 the 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 audit related matters, 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 REPORT

TI Cloud Inc. (hereinafter "**TI Cloud**", "**the Company**", "**Our Company**" or "**we**") is pleased to present this Environmental, Social and Governance Report for the year of 2023 (hereinafter the "**Report**"). Adhering to the principles of materiality, quantitative, balance and consistency, the Report focuses on disclosing and showcasing the Company's concept, significant progress and performance in fulfilling its environmental, social and governance ("**ESG**") responsibilities in the year of 2023 ("**the year**") to enhance the understanding and confidence of all stakeholders in the Company and to promote the sustainable development of the Company.

Reporting Scope

Unless otherwise specified, the policies, statements and information in the Report cover the actual business scope of TI Cloud Inc. for the period from January 1, 2023 to December 31, 2023 (hereinafter "**the Reporting Period**").

Reporting Criteria

The Company has prepared the Report in accordance with the Environmental, Social and Governance Reporting Guide (the "**ESG Guide**") set out in Appendix C2 to the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited, ensuring that the report presents the environmental, social and governance issues that stakeholders concern about in a clear, quantitative and comparative manner.

Requirements		Our Responses
Materiality	The issues covered in the report should reflect the significant impacts of the company on the economy, environment and society, or scopes that substantially affect stakeholders' assessments and decisions.	In accordance with the relevant principles and requirements of the Environmental, Social and Governance Reporting Guide of the Stock Exchange, combined with the capital market's concerns about the Company's ESG, through the ongoing communication with stakeholders, the Company has identified the sustainable issues related to the Company based on the Company's development, industry and business conditions.
Quantitative	The report should disclose key performance indicators in ways that can be measured so that the effectiveness of environmental, social and governance policies and management systems can be evaluated and validated.	The Company has established standardized ESG indicator management tools to conduct regular statistics on quantitative key disclosure indicators involving the whole "Environmental" scope and the partial "Social", "Governance" and management 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.

Requirements		Our Responses
Balance	The report should provide an unbiased picture of the positive and negative aspects of the performance of the company, so as to make a reasonable assessment on the overall performance.	The Report provides an unbiased picture of the Company's working achievements in sustainable development issues that have material impacts and challenges it faces.
Consistency	The company should use consistent disclosure principles for the preparation of the report so that stakeholders can analyze and evaluate the performance of the entity over time. The entity should explain any changes to the methodologies.	Unless otherwise stated, the Company will ensure that the disclosure scope and reporting methods of the report are consistent with the previous year.

Statements of the Board

The board of directors (the "**Board**") of TI Cloud highly values the sustainable development and its importance to the long-term stable operation of the Company. It is responsible for reviewing the material ESG issues of the Company, supervision and assessment of the overall ESG management and implementation of the Company and assumes full responsibility for the Company's ESG strategy and reporting.

The Company attaches importance to the suggestions and opinions of various stakeholders, discusses and identifies our material ESG issues and potential ESG risks with stakeholders through different channels to improve ESG-related strategies and policies and systems continuously. The Board has considered the ESG materiality issues for the year and has approved the proposal to the adjustment of the materiality level of each ESG issue to ensure the timeliness and rationality of the materiality matrix. For details, please refer to the section headed "Materiality Analysis" in the Report.

The Company has established a management system for ESG objectives in respect of pollutant emissions, energy consumption, water resource management and other indicators. The Board reviews the progress of the objectives on an annual basis and considers any necessary adjustments or improvements to ensure that we continue to make progress in achieving our ESG targets. For details, please refer to the section headed "Green Operation" in the Report.

The Report, with detailed disclosure of above environmental, social and governance related matters, has been considered and approved by the Board on March 27, 2024.

SUSTAINABLE DEVELOPMENT MANAGEMENT

Governance Philosophy

Driven by a corporate culture of "openness, collaboration, integrity, responsibility and self-criticism" and guided by the needs of our stakeholders, TI Cloud is committed to promoting the integration of sustainable development concepts with ESG practice strategy, thereby creating long-term value for our stakeholders. We are committed to promoting sustainability in its corporate development, with a particular focus on energy conservation, environmental protection, social contribution and employee health and safety. In order to achieve our vision of "becoming the most trusted partner in customer contact sector", we are committed to pursuing excellent performance in service quality, product innovation, partnership and other aspects.

In the future, the Board will actively explore the possibility of cooperation with other manufacturers to conduct ESG risk assessments on a regular basis, and continuously improve and adjust the ESG strategy and direction based on the assessment results, in order to move forward on the sustainable development.

ESG Governance Structure

We believe that a robust and effective ESG governance structure could strengthen ESG management and promote sustainable development by implementing corresponding ESG principles throughout the business chain. TI Cloud has established a three-tier ESG governance structure from top to bottom supervised by the Board to form a closed-loop management system from decision-making, communication, implementation to reporting. The Board manages sustainability issues in a consistent manner to ensure that ESG are incorporated into all operational and business level decisions for consideration to fully drive our sustainability progress.

The Board of Directors of the Company is responsible for considering material ESG issues and assumes overall responsibility for the Company's ESG strategy and reporting. The Board has delegated authority to senior management to establish ESG management policies and strategies, including evaluating, prioritizing and managing important ESG related issues. The ESG working group, comprising representatives from functional departments and relevant staff involved in ESG issues in the Company, collects relevant information and data during the report writing process, and facilitates the formulation and implementation of ESG initiatives in business operations.

Governance: Board of Directors

- Reviewing material ESG issues
- The Board has overall responsibility for the Company's ESG strategy and reporting

Management: Senior Management

- Establishing ESG management policies and strategies
- Identifying, evaluating and managing ESG issues
- Guiding various working groups in ESG work and overseeing the progress of ESG work
- Reporting to the Board on a regular basis with a summary of ESG matters

Executive: ESG Working Group

- Implementing ESG work and promoting the development and implementation of ESG objectives
- Collecting and analyzing ESG related information and data, and compiling ESG reports
- Reporting progress to the ESG working leadership group

Customer Service Department	Network and Information Security Department	Purchasing Department	Product Management Centre
Marketing Department	Human Resources Department	Legal Department	Internal Audit Department

Stakeholder Communication

TI Cloud is well aware of the impact of its operations on its stakeholders, and is committed to receiving views and suggestions from stakeholders on the Company's sustainable development through building diversified communication channels. The Company actively responds to the reasonable needs of stakeholders and insists on self-review in its daily activities. In the process of preparing the sustainability report, it also proactively collects issues of concern to stakeholders and incorporates them into the formulation of relevant decisions of the Company. We have always believed that effective communication and cooperation with our stakeholders is crucial to building the sustainability of our business. We continue to optimize our efficient and diversified communication and feedback mechanism to promote 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 Employee care and welfare Training and development	Employee forums Collective negotiation Diversified activities for employees Clear and reasonable compensation and promotion system
Suppliers and partners	Multi-partnership and ecosystem Business ethics and integrity Supplier ESG management Value sharing	Promotion of daily communication and cooperation Customer feedback Build a sustainable supply chain
Investors and shareholders	Good corporate governance Intellectual property protection Performance of results Responsibility culture building	Company announcements disclosure Field trips Compliance Operation General meeting
Product users	Customer rights and privacy protection Product deployment and technology innovation Responsible marketing Quality Products	Company official website Interview Product Innovation
Social institutions	Product social value Community contribution Climate change response and management Energy and resource use and management	Company official website Company announcements Participate in community development actively Identify climate-related risks and opportunities Formulate and disclose energy saving and emission reduction measures

Materiality Assessment

TI Cloud has actively tracked market trends and screened, evaluated, and disclosed material issues based on industry benchmarks and expert insights to plan its future development direction. We prioritised the selected issues based on the recommendations from the Company's management, ESG-related standards and guidelines, advice from internal and external experts, and multimedia information. We reviewed and updated our materiality issue matrix to ensure that it could reflect the latest development trends and business realities in 2023, so as to promote the sustainable development of TI Cloud. As compared with last year and based on industrial development, we adjusted and refined the classification of materiality issues to better align them with our development status and corporate vision.

During the Reporting Period, the procedures for determining materiality issues were as follows:

Identify ESG issues

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

Issue Sources

- Recommendations from the management of the Company
- Analysis and advice from internal and external experts
- Multimedia information analysis
- Peer benchmarking research
- ESG-related standards and guidelines

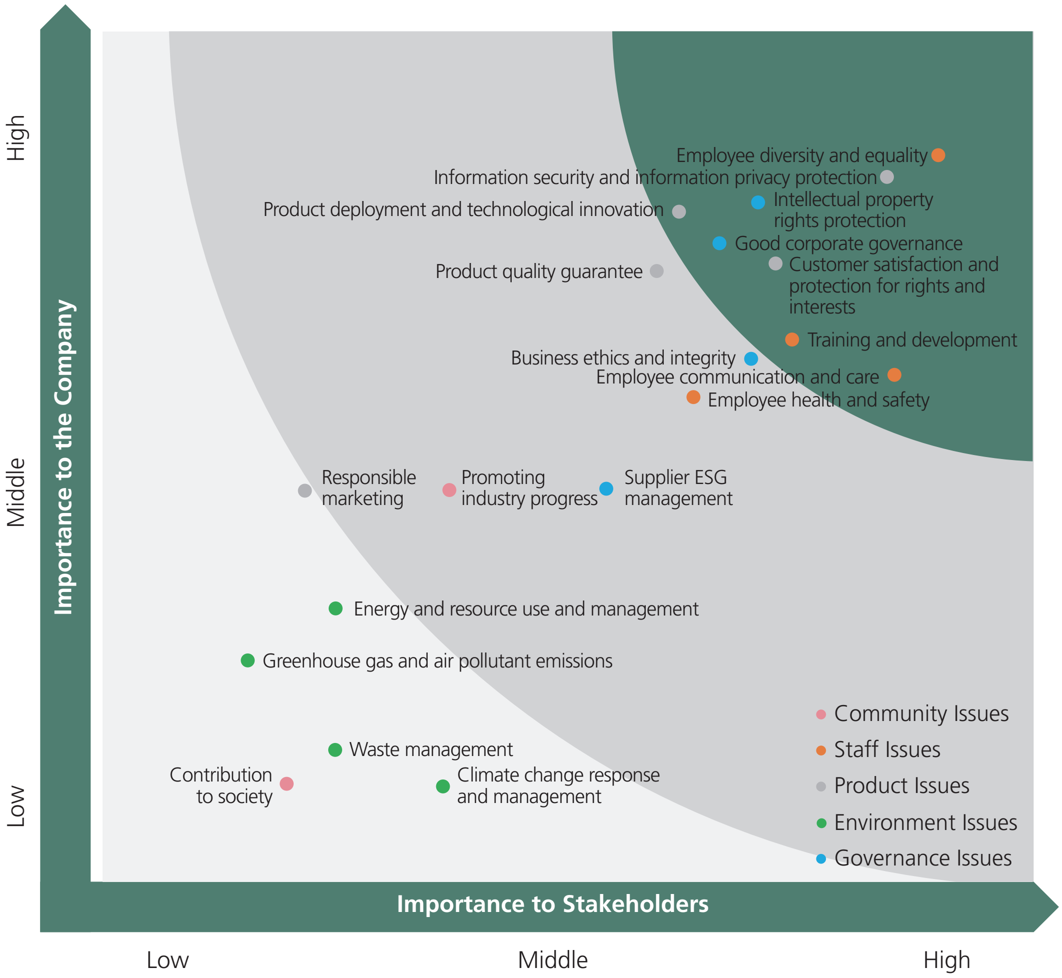
Assess the materiality of ESG issues

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

Confirm the assessment results

The Company's management and the ESG Working Group review the materiality assessment results and finally confirm the assessment results

The 2023 ESG materiality issue matrix and prioritization of TI Cloud are set out below:



COMPANY HONORS

Our Awards

Issuer	Name of Meeting or Event	Name of Honor
Beijing Municipal Bureau of Economy and Information Technology	/	Beijing Enterprise Technology Center
D1Net	2022 CEIA China Enterprise IT Awards	2022 Best Customer Service SaaS Provider
D1Net	2022 CEIA China Enterprise IT Awards	2022 Best Call Center Service Provider
EqualOcean	World Innovators Meet (WIM)	Top 30 Data Intelligence Enterprises in China in 2022
EqualOcean	World Innovators Meet (WIM)	Top 10 Digital Intelligence Innovative Practices (Cases) of China New Energy Intelligent Vehicle Industry in 2022
CAICT	High-quality Digital Transformation, Innovation and Development Conference and CAICT "Foundation Program"/Summit	Panorama of High-quality Digital Transformation Products and Services (Online Customer Service)
Rigel Events	The 4th Global New Energy and Intelligent Connected Vehicle Innovation Summit	Digital Innovation Solution of the Year
Jiangsu Enterprise Informatization Association	/	Jiangsu Enterprise Informatization Association – Member Unit
Jiazi Light Years	Report on the Outlook of AIGC Application and Practice for 2023	Report on the Outlook of AIGC Application and Practice for 2023
EqualOcean	China Digital Marketing Product Technology Research Report for 2023	China Digital Marketing Product Technology Research Report for 2023
Han's Plaza	Han's Global Entrepreneurs Innovation Annual Meeting	Pioneer of the Year Award – Pangu Award
Han's Plaza	Han's Global Entrepreneurs Innovation Annual Meeting	Blue Chip Award – Kirin Award
Zhejiang Enterprise Informatization Association	/	Zhejiang Enterprise Informatization Association – Member Unit

Issuer	Name of Meeting or Event	Name of Honor
DataYuanChina	2023 Enterprise Inventory	Most Valuable Enterprise for Business Cooperation in Intelligent Customer Service
Shanghai Artificial Intelligence Technology Association	/	Shanghai Artificial Intelligence Technology Association – Member Unit
Ifenxi	2023 AIGC Vendor Panorama Report	Industry Model and AIGC Customer Service
The First New Voice	2023 China Digital New Consumer List	Best Service Provider in Marketing Technology
EqualOcean	World Artificial Intelligence Conference – China AIGC Business Potential Research Report	Atomic Capability Industry Map – Chatbot + Knowledge Map
CYZone	AIGC Technology Application Conference	2023 Most Noteworthy Company, AIGC
The First New Voice	Map of China's Outstanding Digital FMCG Manufacturers in 2023	Map of China's Outstanding Digital FMCG Manufacturers in 2023
Niutoushe	2024 Chinese Enterprise Service Map	Call Center and Online Customer Service
Jiazi Light Years	Three Technology Lists for 2023	List of China Companies with the Most Commercial Potential in AIGC Technology Application in 2023
The First New Voice	2023 China AIGC Innovative Enterprise List	AIGC Vertical Large Model Innovative Enterprise List
The First New Voice	2023 China AIGC Innovative Enterprise Series List	TOP 30 at the AIGC Innovative Enterprise List
D1Net	2023 CEIA China Enterprise IT Awards	2023 Best Intelligent Customer Service SaaS Provider

Display of certain awards

Honors and Awards

Most Valuable Enterprise for Business Cooperation in Intelligent Customer Service

List of China Companies with the Most Commercial Potential in AIGC Technology Application in 2023

Beijing Enterprise Technology Center

Best Customer Service SaaS Provider

Our Certifications

ISO 14001 Environmental Management System Certification

ISO/IEV 20000-1 Information Technology Service Management System Certification

Open Source Solutions of Trusted Cloud

Classified Protection Level 3 Certification

“Little Giant” Enterprise

Management System Certification

ACHIEVE TECHNOLOGICAL INNOVATION AND PURSUE QUALITY EXCELLENCE

As a leading 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", adhered to the concept of "customer-oriented" through the provision of high-quality products and excellent services, and continuously promoted technological innovations and returned the trust of its shareholders and parties with steady operational results. In addition, we are committed to becoming the strongest integrated provider in the field of customer contact in China, demonstrating our strong resolution in our commitment to sustainable development.

Quality Products and Innovation

Over more than a decade, TI Cloud has successfully assisted many well-known companies in transforming and upgrading their customer contact platforms leveraging its solid product development capabilities, comprehensive customer services and continuous technology innovations. In addition, we have created a more comprehensive and competitive service system, which has further stimulated the brand vitality of such enterprises in the market. Looking ahead, TI Cloud is committed to broadening its vision, raising its benchmarks, actively integrating the latest technological developments in the field of information and communications, learning from the world's top enterprises with an open mind, and developing partnerships on the basis of sustainable development, with a view to establishing an industry-leading core technology system.

Actively responding to the trend of China's digital transformation, TI Cloud persistently pursues innovation and independent research and development, and is committed to developing and continuously improving a safe and reliable technology solution. Through continuous high investment in technology innovation, TI Cloud has realised the comprehensive upgrading of its product R&D system and the effective implementation of product intelligence.

In 2023, as the efficient upgrade and iteration of the platform kept pace with customers' business development, TI Cloud made 79 upgrades and iterations for customers and generated over 1,030 product innovations and optimised features.

Strict Quality Control

TI Cloud has always been strictly controlling the quality of its products and regards the quality management of its products and services as the core of its operation. In this regard, the Company has established the Product Quality Management System (《產品品質管理制度》) and successfully passed the ISO 9001 quality management system certification, which means that the quality management of TI Cloud has reached the internationally recognised standards. In addition, while we continuously endeavour to enhance our service quality and operational efficiency, our IT service management system has always complied with the ISO/IEC 20000-1 standard and has passed the re-certification audit during the Reporting Period. Such achievement demonstrates our commitment to providing consistent, reliable and high-quality IT services, and the ISO/IEC 20000-1 certification marks our adherence to stringent international best practices in service planning, delivery, monitoring and improvement.

In order to ensure the quality of products, the Company has set up a quality management system with the quality manager as the core and the relevant department manager as the responsible person, so as to ensure that each product or project meets the quality standards. The Company carries out all-round quality control on the documentation of projects, process, testing and products in order to satisfy customers' demand for product services.

In order to achieve continuous product innovation and ensure product quality, TI Cloud has formulated a stringent product development and iteration management process, which is based on a two-week cycle, with each cycle including project planning, requirement analysis, design, development, testing, implementation, acceptance and maintenance. During the execution process, the Company ensures comprehensive and multi-level control of product quality through detailed logical design, physical design, user training and trial use. In the last year, TI Cloud has not violated any laws or regulations with significant impact, further proving the Company's strict requirements for product and service quality and its good reputation in the industry.

Information Security

Data and information management

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 the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) and other laws and regulations. The Company has established a series of management regulations, such as the Information System Vulnerability Management Regulations (《信息系統漏洞管理規定》), 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 2023, the Company had no major cyber security and business information leaks.

To ensure the effective implementation of data security management, the Company has established a comprehensive data security organizational structure, strengthened the construction of the data security management system, and continuously carried out optimization and improvement. Additionally, through the implementation of audit supervision and inspection, the Company has reduced data security risks and ensured the legal compliance and secure and stable operation of business operations.

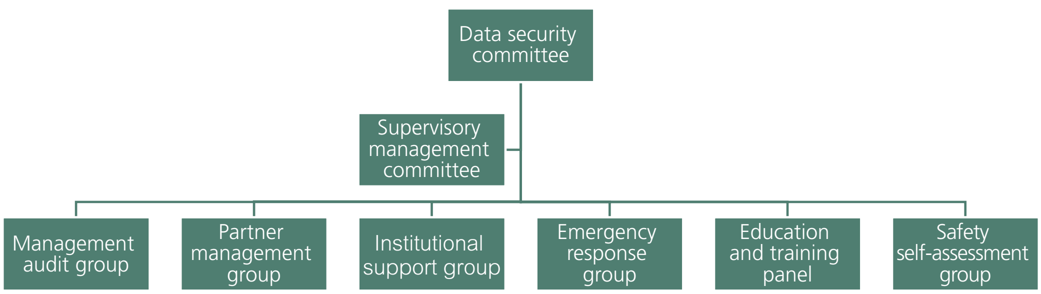


Figure: Data security organization architecture

TI Cloud actively takes measures to regulate employees' use of information systems and requires employees to sign a confidentiality agreement to ensure they understand and commit to complying with the Company's data security and confidentiality regulations. The Company conducts various types of training regularly, such as code security, security awareness, security skills, and security specialization, which not only enhances employees' awareness of information security but also improves their confidentiality awareness and security skills, thereby effectively preventing network security incidents and eliminating potential security risks. These training sessions help create a work environment with strong security awareness, and ensure that all employees may protect sensitive data in their daily work and safeguard the overall information security of the Company.

During the Reporting Period, the Company made significant progress in information security management. Firstly, we achieved full coverage of penetration testing to ensure the security of the system and its ability to counter external and internal threats. Secondly, we increased the frequency of vulnerability scanning to once a month to quickly identify and fix potential security vulnerabilities, which have effectively enhanced our ability to prevent and respond to security threats. Finally, we completed detailed classification and grading of production platform data to ensure that stricter security measures are applied to highly sensitive data, thereby achieving higher standards in data protection. These coherent security strategies strengthen the Company's data security framework, reduce business operation risks, and demonstrate our firm determination to protect customer and corporate data.

Furthermore, we recognize the inefficiency and slow response of traditional contract review management processes, especially relying on email communication during contract signing and approval. To improve transparency, efficiency and response speed, the Company successfully launched a new contract review management system during the Reporting Period to realize the online management of legal business processes, which not only enhances the visibility and traceability of the document approval process to ensure the security of contract information, but also reduces errors and omissions risks in contract management through standardized processes.

Data leakage emergency response

TI Cloud has established a comprehensive three-stage data processing process. During the emergency response stage, we will immediately initiate the emergency response process, quickly confirm and verify the incident, analyze the affected application systems, the scale of leaked data, and whether sensitive data is involved, and assess the priority of processing. The suppression and recovery stage aims to prevent the spread of data leakage. Relevant personnel take measures such as isolating affected assets, blocking relevant accounts, repairing vulnerabilities, and forcing offline repairs to further prevent data leakage, and restore operations as soon as possible, and promptly inform regulatory authorities and customers. The post-incident activities stage includes incident notification, conducting reviews to formulate reinforcement plans and implementation plans, and reporting the incident to the legal department.

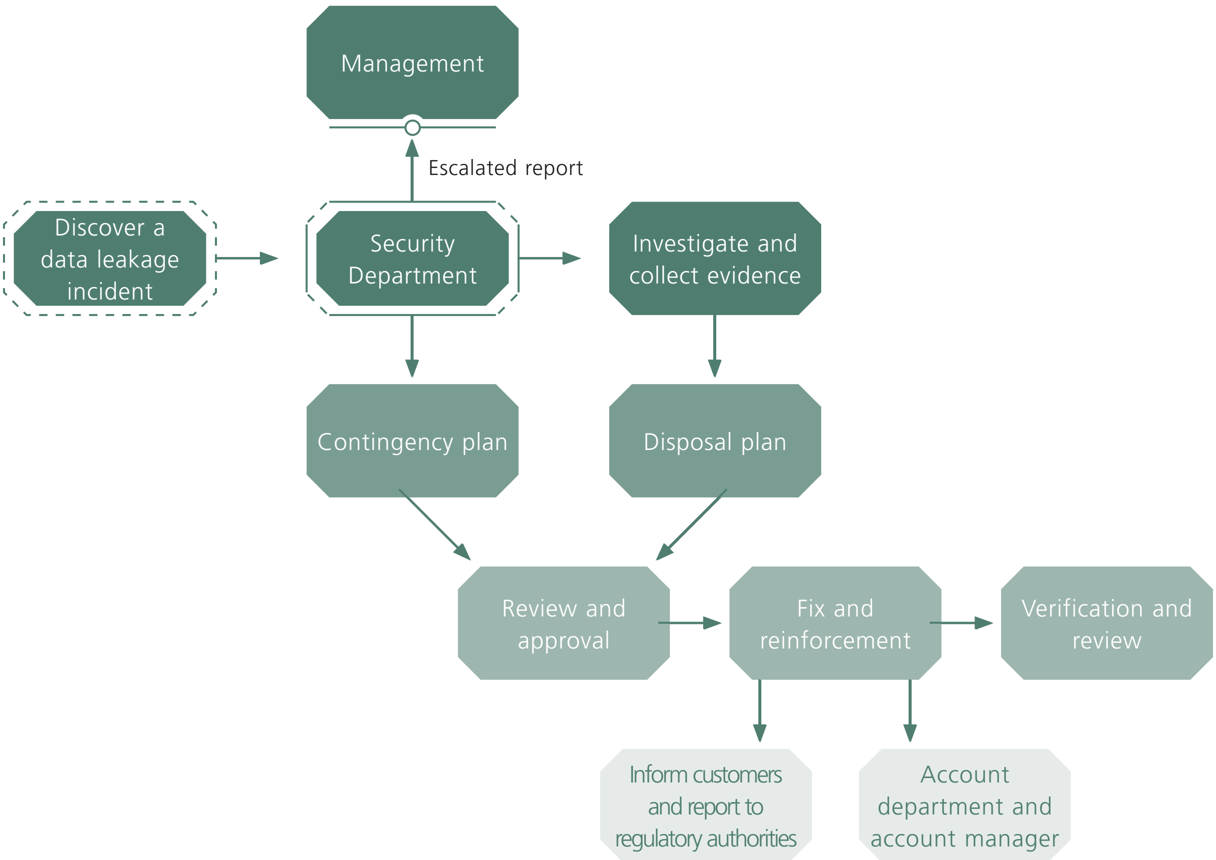


Figure: Data security response system

Quality Service

The purpose and vision of TI Cloud demonstrated that we are committed to establishing strong trust relationships in the area of customer communication. To achieve such goal, the Company has formulated the Duty Standardisation of Customer Service (《客服工作職責規範》), to ensure that customer service can be conducted in accordance with three core goals: satisfaction of customer demands, optimised customer experience and contribution to customer success. In 2023, the customer satisfaction successfully reached to 100%.

Pay attention to customers' demands

Maintain continuous attention to customers' demands to ensure timely response and satisfaction of such demand.

Deeply analyze the customer groups

Different customer groups may have different demands and expectations. The Company customizes services through deep analysis to better meet the demands of each customer group.

Application of digital measures

Utilize data analysis and other digital instruments to enhance customer service capabilities, thereby providing faster and more accurate services.

Upgrade service capabilities

Continuously train and enhance the skills of the customer service teams to ensure that they can meet service demands in different situations.

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 2023, the Company 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 well-established customer complaint handling process, which ensures rapid and effective complaint handling, and continuously improves product quality and service level, and in turn improves customer satisfaction.

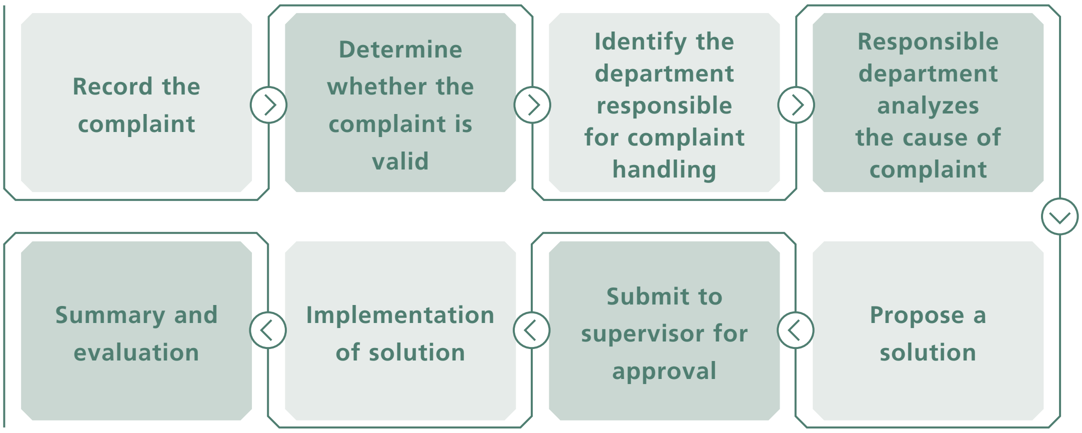
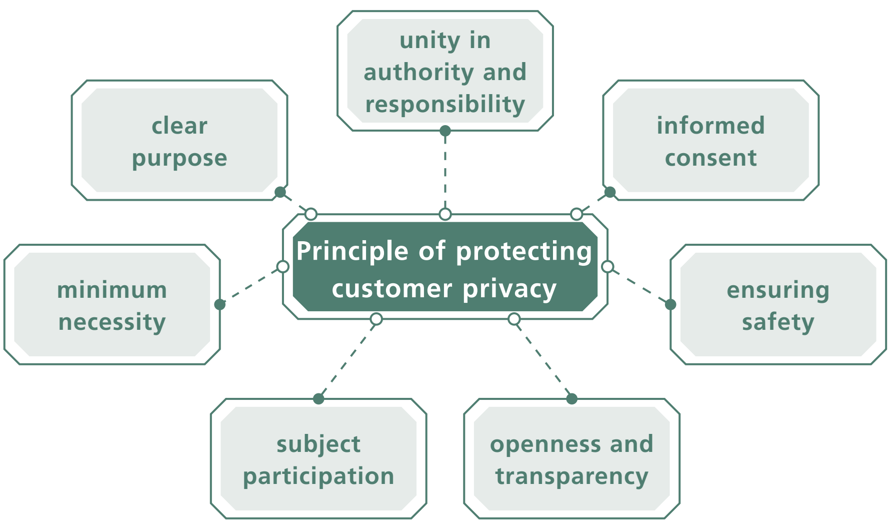


Figure: Customer complaint handling process

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信息保護法》), the Information Security Technology and Personal Information Security Specifications (《信息安全技術個人資訊安全規範》), and has formulated the Personal Information Protection Policy (privacy statement) (《個人信息保護政策(隱私聲明)》) to protect customer's information security by way of strengthening the awareness and measures of privacy. For example, we have attached privacy policies to the services provided by us to let customers know how we to collect, use, store and share information related to them, and how we to control, update and protect information related to them.

During the Reporting Period, the Company had no incidents related to customer privacy violations.



PRUDENT OPERATION, ADHERE TO THE BOTTOM LINE OF COMPLIANCE

TI Cloud strictly complies with the laws and regulations, constantly improves the corporate governance mechanism, improves the internal management system, carries out ethical publicity training, and implements integrity and compliance supervision and inspection, demands itself and the employees with the highest standards of business ethics. The Company always considers "integrity, responsibility and self-criticism" as part of its corporate culture, while developing to create an integrity, honest and progressive team environment. By creating such culture and atmosphere, TI Cloud aims to build a transparent, responsible, stable and orderly supply chain, and eventually lays a solid foundation for the Company to achieve long-term and stable development.

Business Ethics and Anti-Corruption

Corruption in business practices poses a risk to the stability of enterprises and hinders their development. We are committed to adopting a zero-tolerance policy towards all forms of corruption behaviors, especially in compliance with relevant laws such as 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》), and 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》). The Company has formulated a series of internal management systems, such as 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 ensure the implementation and supervision of integrity operation.

TI Cloud adheres to the principle of "unified leadership, division of labour and responsibility, engagement of all staff, and whole-process participation" to comprehensively implement compliance management. The management of the Company is responsible for coordinating and managing compliance affairs, regularly updating work plans, revising relevant systems, and appointing suitable personnel to ensure clear accountability and responsibilities. Under the leadership of the management, business departments incorporate compliance management into their business areas and workflow, and report regularly on the implementation to the management. We are dedicated to ensuring that each department fulfills its legal obligations, while working together to prevent, detect, and eliminate corrupt practices, allowing the compliance management system to operate efficiently and orderly.

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

We are committed to ensuring that board members meet the highest standards in anti-corruption and compliance. In 2023, TI Cloud conducted four specialized anti-corruption training sessions for the Board, covering the Company's development plans and business situation, with a 100% attendance rate. The training covered latest updates to the Listing Rules issued by the Hong Kong Stock Exchange, i.e. the guide for independent non-executive directors, the Hong Kong Companies Ordinance, the Anti-corruption Reporting Management System, the Anti-fraud System, and the Anti-money Laundering System. This aimed to ensure that all directors can play a leadership role in overseeing corporate governance and making ethical decisions.

During the Reporting Period, we provided anti-corruption training to 136 employees of various levels, achieving a total of 272 training hours.

We believe that enhancing employees' business ethics and compliance awareness is crucial. New employees receive unified anti-corruption and integrity training upon joining the Company to establish the right values and professional ethics. Additionally, the Company has developed a series of targeted business ethics training programs based on different types of employee roles and responsibilities, focusing on compliance issues and high-risk scenarios employees may encounter in their daily work. We strengthen employees' legal compliance, integrity, and ethical judgment abilities through regular training and education, enhancing their professionalism and promoting the healthy development of the company culture.

TI Cloud maintains a serious attitude towards upholding business ethics and regulatory compliance, establishing a publicly accessible reporting mailbox to provide encouragement and protection for employees, suppliers, customers and other stakeholders to report any inappropriate behavior in accordance with the law. The Company follows a standardized process for receiving and investigating reports, ensuring that every report is carefully recorded, evaluated and processed. The internal audit department is responsible for verifying reported incidents, and for confirmed violations, immediate disciplinary actions will be taken in accordance with legal requirements and internal company policies, including but not limited to warning conversation, notice of criticism, demerit recording, performance deduction, position adjustment, and even dismissal. During the process, the reported employee has the right to raise objections, and the Company will conduct a further investigation on the objections to ensure the fairness of the decision. To prevent against retaliation, the identities of whistleblowers are kept confidential, and the Company also provides incentive mechanisms for individuals who provide significant information, ensuring a fair, just, and transparent working environment.

In 2023 TI Cloud maintained its high standards and strict requirements in anti-corruption affairs, and was not aware of any corruption related proceedings.

Risk Management

TI Cloud manages internal risks by establishing a comprehensive risk management and internal control system. The core of the system consists of detailed management measures and system improvement, including the preparation of documents such as Internal Control Manual (《內控手冊》) and Internal Control Management Measures (《內部控制管理辦法》), and the establishment of systems such as Internal Audit System (《內部審計制度》) and Outgoing Audit System (《離任審計制度》), which serve as the basis and framework for the internal control and audit work of the Company.

Internal audit department plays a key role under this framework, as it is responsible for organizing and performing self-inspection regarding internal control. By issuing self-inspection lists to all business departments, branches and subsidiaries of the Company and analyzing the results of the self-inspection, internal audit department conducts targeted and random audits according to the functions and business features of different departments, thereby exposing potential risks and internal control deficiencies that may have been overlooked. For problems identified during the audit, internal audit department will form a professional working group to propose rectification suggestions and track the progress of the rectifications, so as to ensure that potential risks are eliminated in a timely manner and internal control problems are effectively resolved. As a dynamic risk management process, the continuous cycle of self-inspection, review and rectification strengthens the Company's internal controls, enhances transparency and promotes a culture of compliance.

Intellectual Property Management and Protection

As a part of the core competence of a company, TI Cloud recognizes the importance of effective IP management to protect innovations, enhance market competitiveness and avoid legal risks. The Company strictly complies with the Patent law of the People's Republic of China, the Trademark Law of the People's Republic of China and other relevant laws and regulations. Taking into account the specific situation of the Company, we have established an "Intellectual Property Management System" to ensure the integrity and security of intellectual property rights. The Company continuously strengthens the declaration, management, protection and utilization of intellectual property rights, and applies proactive intellectual property protection policies to effectively protect its self-developed technologies while avoiding intellectual property-related risks.

TI Cloud also attaches great importance to the intellectual property rights of others, and has implemented a series of measures to ensure legal and compliant operations. We regularly conduct information and infringement searches, make effective use of the early warning system to avoid the risk of infringement, prevent and reduce the occurrence of intellectual property disputes in a timely and effective manner. If any infringement is found, we will deal with it properly in accordance with related laws and regulations to ensure the compliance of all intellectual property related affairs. At the same time, TI Cloud is active in creating an environment that encourages innovation and motivates the technical team to invent and create. Through continuous improvement of the intellectual property incentive mechanism, TI Cloud boosts the innovation motivation of its technical staff, in order to fully recognize and reward those employees who have made contributions to the Company's technological innovations. As at the publication of the Report, our intellectual property is as follows:

Patents granted	Number
Number of patents granted	19
Software copyrights	50
Trademark licenses	70

Case: TI Cloud was granted the patent for invention of "Cloud Computing Core Network System"

In October 2023, China National Intellectual Property Administration issued an authorization notice that the patent certificate for invention of "Methods and devices requested for cloud-based services" was granted to TI Cloud. The invention provides a cloud computing core network system that solves the poor accessibility of traditional leased line networks, avoids suboptimal routing, and reduces network latency.


证书号第6405730号

发明专利证书

发 明 名 称：云计算核心网络系统

发　明　人：吴强;安静波;赵鹏

专　利　号：ZL 2020 1 0558089.9

专利申请日：2020年06月18日

专 利 权 人：北京天润融通科技股份有限公司

地　　　址：100000 北京市大兴区北京经济技术开发区荣华南路2号院1号楼2901

授权公告日：2023年10月17日　　授权公告号：CN 111726253 B

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局长
申长雨

国家知识产权局
2023年10月17日

Figure: Patent for invention of "Cloud Computing Core Network System"

Compliance Marketing

In terms of marketing, the Company protects the interests of consumers and the public by continuously regulating the promotion and marketing activities of its products. We strictly comply with the requirements of the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》) and other laws and regulations to ensure that all advertisements follow the relevant policies, meet the requirements of the government and the industry, and do not contain any concealment, misrepresentation or fraud.

Responsible Supply Chain Management

Supplier management

In order to fully fulfill the environmental and social responsibilities, supply chain management should not be disregarded. TI Cloud is committed to creating a sunny and transparent environment in business activities to promote a fair, open and just competitive market. Through continuous optimization of supplier management, promotion of supplier certification, and enhancement of supplier communication, the Company joins hands with its supplier partners to build a responsible and sustainable supply chain.

- ➢ Optimize supplier management: TI Cloud implements full lifecycle management for all suppliers. The Company has formulated a series of supplier management systems, such as the Purchasing Management System (《採購管理制度》) to standardize supplier access, assessment, withdrawal and other processes, and encourage suppliers to continuously improve product quality and service standards, so as to ensure that the supplier management is more efficient and transparent, which in turn enhances the operational efficiency of the entire supply chain. At the supplier access stage, TI Cloud has implemented a multi-dimensional assessment system covering key factors such as price, service, and quality to select potential suppliers that meet the Company's standards through a comprehensive assessment. Once a supplier is included in the system, TI Cloud will regularly conduct research on the quality of its products and service standards. The research methods include collecting direct information, such as employee feedback, so as to ensure that the evaluation on the supplier is true and credible. Based on this information, the Company comprehensively evaluates the performance of suppliers and makes plans for the direction of future cooperation accordingly. For those suppliers that do not meet the requirements of TI Cloud, the Company has a well-established supplier withdrawal procedure to ensure that the overall quality of the supply chain is protected.

- ➢ Promote supplier certification: In terms of supplier management, TI Cloud not only emphasizes the quality of products and services, but also takes into full consideration the environmental and social risks of suppliers. The Company selects enterprises that rank among the top in the industry, have obtained international certifications such as ISO, and also whose employees hold the Project Management Professional (PMP) certification. In addition, when making physical purchases of IT assets and office supplies, the Company demonstrates its commitment to environmental protection and social responsibility by prioritizing suppliers whose products carry energy-saving and environmentally friendly labels.

- ➢ Enhance supplier communication: TI Cloud actively maintains bilateral communication with its supplier partners to establish a good communication mechanism. The Company regularly provides the feedback to suppliers on evaluation results and improvement suggestions, discusses solutions to difficult problems in actual cooperation by formulating practical and feasible optimization measures, strives to achieve win-win development, and responds quickly to changes in the market or business needs.

- ➢ Build a responsible supply chain: By joining efforts with its supplier partners, TI Cloud is committed to building a supply chain that is both responsible and sustainable. This means adopting environmentally and socially responsible standards throughout the supply chain, which in turn contributes to the sustainable development of the industry as a whole.

Table: Number of suppliers of TI Cloud

Types	2022	2023
Total	275	422
By regions		
Mainland China	246	305
Hong Kong, Macao, Taiwan and overseas	29	17

Business ethics for suppliers

We are firmly committed to maintaining a transparent and eco-friendly procurement environment. In accordance with the requirements of the Tender Law of the People's Republic of China (《中華人民共和國招標投標法》), the Implementation Regulations of Tender and Bidding of the People's Republic of China (《中華人民共和國招標投標實施條例》), and other relevant laws and regulations, the Company provides all suppliers with the Integrity Agreement (《廉潔協定》), and requests that all key suppliers sign the Agreement prior to their cooperation. TI Cloud actively takes responsibility for its transactions, encourages its supplier partners to supervise the Company's procurement process, and advocates suppliers to fulfill their responsibilities and work together to build healthy cooperative relationships.

GREEN DEVELOPMENT BY IMPLEMENTING THE CONCEPT OF LOW CARBON

TI Cloud is committed to the concept of green environmental protection. 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》), the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》), the 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 relevant environmental laws and regulations, the Company promotes energy-saving and emission-reduction measures to comprehensively enhance its energy efficiency, and sticks to the environment-friendly operation model.

During the Reporting Period, the energy consumption and carbon emissions of the Company were mainly generated from the consumption of water and electricity, while carbon emissions were also attributable to the emissions generated from business travel. The electricity for offices is supplied by the regional power grid and the water for offices is sourced from the municipal water supply network. Therefore, there is no problem in sourcing water. The principal business of the Company does not involve the use of packaging material. In 2023, wastes generated by the Company were mainly the garbage generated by daily office, including waste paper and waste batteries.

Green Operation

During the Reporting Period, we successfully passed the ISO 14001 environmental management system certification again. This certification marks an international recognition of our ongoing commitment and efforts to protect the environment and highlights our achievements in systematic environmental management, compliance with environmental laws and regulations, pollution prevention and continuous improvement in environmental performance. Such achievement not only demonstrates how we achieve our sustainability goals by minimizing the environmental impact of our operations, but also reflects our environmental policy with all staff participation, which encourages every staff to make a positive contribution in their daily work. Through this framework, we have further consolidated our corporate sustainability strategy and are committed to constantly raising the standard of environmental management in our business activities in the future.

Emission management

Due to the nature of the industry in which TI Cloud operates, the Group did not own any company car and our business operations do not generate any waste gas and direct greenhouse gas emission. Only indirect greenhouse gas emission is generated from the daily electricity consumption for office purposes. Therefore, TI Cloud is focusing on reducing its carbon emissions of Scope 2 (Indirect Energy Related Emission). During the Reporting Period, TI Cloud made a new attempt to disclose greenhouse gas emission of Scope 3 (Supply Chain and Other Indirect Related Emission) by collecting statistical data of employee travel. In addition, we will continue to set reduction targets for Scope 3. TI Cloud will conduct carbon inspections to assess carbon emissions during production and operations, which will provide data support for the setting of specific emission reduction targets in the future. Moreover, we will optimize our product mix and supply chain management to reduce our carbon footprint throughout the value chain. The Company is committed to reviewing the progress of its emissions reduction targets on an annual basis and making necessary adjustments and improvements to its targets and strategies based on actual emissions reduction results.

Table: Greenhouse gas emission of TI Cloud[1]

Greenhouse gas emission	Unit	2023	2022
Scope 1			
Scope 1 emissions	tonnes of CO_2e	0	0
Scope 2			
Purchased electricity	tonnes of CO_2e	171.03	154.97
Scope 3			
Business travel[2]	tonnes of CO_2e	74.62	/
Total Greenhouse Gas Emission	tonnes of CO_2e	245.65	154.97
Greenhouse Gas Emission Intensity	tonnes of CO_2e/million of revenue	0.55	0.40

1 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 electricity 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, the Notice on the Management of Greenhouse Gas Emission Report of Enterprises in 2022 (《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》) issued by the Ministry of Ecology and Environment of China and "How to Prepare an Environment, Society and Governance Report – Appendix II: Reporting Guidance on Environmental KPIs" issued by the Hong Kong Stock Exchange.

2. Greenhouse gas emission of scope 3 emission is included in this Reporting Period. The CO_2 emission for air travel is calculated with reference to International Civil Aviation Organization (ICAO) data.

Resource management and consumption

In our daily operations, we always bear in mind to avoid energy waste in order to achieve our sustainability goals. 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.

As for water saving, we have also made significant efforts and implemented a variety of water-saving measures, including posting reminders in restrooms to raise awareness among employees, promptly repairing dripping faucets, etc. In addition, we strive to reuse gray water for cleaning and irrigation whenever possible. 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.

During the Reporting Period, we included the statistics on purchased drinking water to achieve more comprehensive monitoring of water consumption. In the future, TI Cloud will actively carry out planning and dynamically adjust and optimize the set goals and energy-saving measures according to the actual use of resources.

Figure: Paper recycling boxes

Figure: Reminder of electricity saving

Figure: Reminder of water saving

Table: Energy and resource usage of TI Cloud

Energy consumption	Unit	2023	2022
Indirect energy			
Purchased electricity	KWh	299,892.00	271,739.00
Total energy consumption	tonnes of standard coal	36.90	33.40
Energy consumption intensity	tonnes of standard coal/million revenue	0.08	0.09
Water resource			
Municipal water supply	tonnes	10.50	8.50
Purchased drinking water	tonnes	95.70	/
Water consumption intensity	tonnes/million revenue	0.24	0.02
Total	tonnes	106.20	8.50

Waste management

During the Reporting Period, we generated very little hazardous waste and non-hazardous waste. The hazardous waste includes waste batteries, while the non-hazardous waste mainly consists of garbage and paper generated by employees in daily office operations. Given the small quantities of hazardous and non-hazardous waste generated as a result of the nature of our operations, we believe that waste disposal is not significant to our business and does not pose a risk. Therefore, we do not have a specific waste disposal target. However, we will strive to avoid any adverse impact on the environment. Non-hazardous waste generated in the office was collected by the cleaning company engaged by the commercial building where we operated, while hazardous waste was collected separately at specific locations in the building and then collected by designated groups.

In 2023, the Company put sorting dustbins in the office area to promote the reuse of recyclables through garbage sorting. The Company implemented specialized training on garbage sorting to popularize the sorting standard among employees, thereby to facilitate the implementation of the concept of sustainability throughout the Company. 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.

Figure: Sorting dustbins

Figure: Recycling bins of waste batteries

Table: Waste discharge of TI Cloud

Waste discharge	Unit	2023	2022
Non-hazardous waste			
Office paper	tonnes	1.10	0.90
Other waste generated	tonnes	0	0
Non-hazardous waste intensity	tonnes/million revenue	0.0025	0.0023
Hazardous waste			
Hazardous waste generated	tonnes	0	0
Hazardous waste intensity	tonnes/million revenue	0	0

Response to Climate Change

TI Cloud recognizes the profound impact of climate change on business and social development, and has taken a number of positive actions to address this global challenge. Through the initial identification and assessment of climate-related risks in business operations, the Company is developing targeted strategies and measures aimed at enhancing risk management capabilities, reducing the negative impact of corporate activities on the environment through continuous practices of energy saving and emission reduction, and finding a balance between corporate development and environmental protection in order to achieve long-term sustainable development.

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 • Respond promptly when extreme weather occurs and provide flexible working arrangements to ensure employee safety
	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

Risk type		Risk description	Countermeasures
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.

PEOPLE-ORIENTATION AND ENHANCING THE WELL-BEING OF TALENTS

On the path to pursue sustainable development, TI Cloud pays full attention to employees as the core resources of enterprise development. The Company ensures that the rights and interests of employees are fully protected and pursues mutual benefits and win-win results with employees. At the same time, the Company actively prevents occupational hazards to provide a safe working environment. In addition, as a well-resourced career development platform with diverse options, TI Cloud provides employees with transparent promotion paths and comprehensive training programs designed to promote the personal and professional growth of employees.

Employment

Employment compliance

As a responsible enterprise, TI Cloud operates strictly in accordance with China's labour-related laws and regulations, including but not limited to 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 to ensure that the internal management of the enterprise is in line with national policies. The Company has established a comprehensive human resources management system to protect the legitimate rights and interests of its employees via the formulation of the Employee Handbook (《員工手冊》) and other internal rules and regulations.

The Company adheres to labour standards and explicitly prohibits child labour and forced or compulsory labour. It is stipulated 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 the relevant laws and regulations and arrange for a return to the child's parents or guardians.

During the Reporting Period, TI Cloud was not aware of any cases related to forced labour, child labour, or employee inequality, and maintained a good legal record.

Employee recruitment

In 2023, we optimised the recruitment process, improved internal promotion mechanisms, disseminated recruitment information through online channels such as "BOSS Zhipin" and "Zhaopin Limited", continued to promote online recruitment, to attract professional talents to the industry, and to support the rapid development of the Company's business. To attract and retain outstanding talent, TI Cloud has implemented a series of talent attraction policies. These policies include the provision of residence permits, participation in the Beijing Talent Introduction Programme and the application of Beijing Entry Indicators. By implementing these measures, the Company has reduced administrative and living barriers for talent relocation. This enables more talents to integrate seamlessly into the company and city life.

Furthermore, to enhance talent identification, we encourage an internal promotion system for our employees, and also offer different incentives in this regard. We offer various referral bonuses to external talents who have been recommended and successfully joined the company, based on their ranks and positions. For existing employees, even if their referrals are not successful in joining the Company, we will statistically measure their contributions in the form of bonus points and set up an internal promotion points table that can be exchanged for prizes or bonuses in the future. In addition to the milestone incentives mentioned above, we also provide a year-end BOLE bonus to the top three employees with the highest number of referrals in the year as an extra incentive.

Figure: Internal Recommendation Recognition Display Board

Diversity and equality

The Company is committed to creating a diverse and inclusive work environment, continuously improving and optimising our employee structure to ensure a reasonable distribution of gender, age and location. During the recruitment and hiring process, we select suitable candidates based on their qualifications, experience and abilities without regard to gender, race, age, nationality, marital status, pregnancy, disability or religion.

Programme for people with disability

As a responsible company, TI Cloud is committed to creating an inclusive and supportive work environment for people with disabilities. We have implemented a disability programme and are committed to employing at least one person with a disability for every 100 employees. We ensure that our workplaces have accessible facilities and customize work arrangements and career development plans to meet the special needs of our employees with disabilities. This ensures that they can reach their full potential and grow with the Company.

Gender diversity initiative

TI Cloud recognizes the importance of gender diversity in driving innovation and business success. Particularly, in the technology industry, the proportion of female programmers is generally low. In order to break this industry trend, we are committed to increasing the proportion of female programmers in our team, with an aim to ensure that at least one-third of the total programmers are female. This is supported by a range of measures, including special recruitment strategies, career development support and flexible working conditions.

Communication and feedback

TI Cloud strives to create open and transparent channels of communication. We consider that every employee shall participate in the development and revision of the Company's policies. In this regard, we have implemented a democratic procedure with engagement of all staff, which means that we will seek advice and suggestions from all employees when revising or updating major policies of the Company, and take their feedback into consideration as part of decision-making. This practice not only promotes the wide acceptance of the policy, but also enhances employees' sense of participation in the Company's decision-making process and their sense of belonging.

In addition, we also identify and solve problems with an open mind. Trust in the organization is the foundation of cross-departmental collaboration. During the Reporting Period, we conducted an anonymous survey among certain employees that focused on the issue of cross-departmental collaboration. By guaranteeing anonymity, we encourage employees to share their views and experiences candidly, ensuring that employees are free to express any opinions without fear of any possible negative consequences. We wish to understand the level of trust of our employees in cross-departmental collaboration and factors affecting trust building, while assessing whether existing organizational collaboration mechanisms can support efficient workflows and collaboration among teams. The results show that there is still room for improvement though cooperation among various departments within the Company is generally in good condition. Based on the feedback from the survey, we are taking concrete measures to optimize the process of cross-departmental collaboration, including regular cross-departmental meetings, the establishment and improvement of a shared resource platform, and more team building activities.

TI Cloud encourages employees to express themselves. We believe that a culture that provides an opportunity for all people to express their opinions not only can stimulate innovation, but also can help to reveal and address potential problems in a timely manner as well as enhance employees' sense of belonging, and thus promoting continuous improvement and growth of the Company.

	As at December 31, 2023		As at December 31, 2022	
Workforce data	**Number**	**Percentage**	**Number**	**Percentage**
Total number of employees	588	/	477	/
By gender				
Male	407	69%	333	70%
Female	181	31%	144	30%
By age				
Aged below 30	278	47%	295	62%
Aged 30-50	301	51%	177	37%
Aged 51 or above	9	2%	5	1%
By employment category				
Full-time employees	588	100%	477	100%
By region of employment				
Mainland China	588	100%	477	100%

	As at December 31, 2023		As at December 31, 2022	
Employee turnover[3]	**Number**	**Percentage**	**Number**	**Percentage**
By gender				
Male	114	21%	131	28%
Female	47	22%	56	28%
By age				
Aged below 30	96	25%	116	29%
Aged 30-50	64	16%	67	28%
Aged 51 or above	1	11%	4	44%
By region of employment				
Mainland China	161	21%	187	28%[4]

3. The turnover rate is calculated as "total number of employees leaving employment during the reporting year/(total number of employee as of 1st January + number of new entry employees during the Reporting Period)* 100%".

4. After review, we have restated the employee turnover rate by region of employment in the 2022 ESG report to 28%.

Remuneration and Benefit

TI Cloud strictly observes relevant national and regional 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》), and ensures that the legal rights and benefit of employees are fully protected through, inter alia, fulfilling the labour contracts signed with its employees and paying social insurance premium and housing provident fund for its employees on time. In 2023, TI Cloud recorded 100% for signing of labour contracts rate and employee social insurance participation rate, demonstrating the Company's emphasis on employee rights protection.

In terms of business management, the Company adheres to the guiding ideology of target-oriented allocation of resources, competency-oriented hiring and performance-oriented motivation, with an aim to promote high-quality leapfrog development of the Company. The Company continuously optimises its performance assessment and incentive mechanism, ensuring that the value contribution of each employee is maximized through clear indicators and strong incentive measures. By improving the relationship between compensation and operating performance, we continuously improve the income level of employees, achieving a win-win situation between employees and the Company. In addition to fixed salaries, we also provide employees with paid-leaves, maternity and sick leave, regular health checkups and health training, ensuring employees' corporate happiness.

During the Reporting Period, in order to improve the actual commuting problems of employees and strengthen the customer-centric service philosophy, we updated the existing Employee Handbook (《員工手冊》), implemented a flexible working time system, and provided a half-hour tolerance period for commuting problems caused by extreme weather and other factors. Employees arriving during this time period will not be counted as being late for work. More flexible time management alleviates commuting pressure, greatly improving work efficiency and team collaboration of employees.

Caring for and Well-being of Employees

TI Cloud regards its employees as the most valuable asset. We hope to create a harmonious working atmosphere that allows every employee to feel respected and cared for, helping them maintain a healthy and positive work attitude, and developing together with the Company. The Company pays continuous attention to the balance between life and work of employees, actively carries out employee caring activities, provides comprehensive and practical guarantees for employees to enhance their sense of happiness, and creates a caring corporate atmosphere. In addition, we encourage and support employees to establish and participate in various club activities to improve work-life balance, enhance team spirit, and enhance their physical and mental health. At present, we have successfully established several employee clubs, including the Badminton Club and the Table Tennis Club.

Figure: Team construction of employees

Figure: Programmer's Day activity

Figure: Badminton Club activity

Figure: Christmas Day and New Year's Day festival celebration

Training and Development

TI Cloud is committed to the development and cultivation of employees, and has established a multi-channel and multi-level employee talent development and training system to fully meet their career development needs. Through the development and improvement of 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.

The promotion of employees is evaluated and reviewed by the promotion evaluation committee of the Company. The promotion committee is composed of senior executives of the Company, including 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 80% of the members of the promotion committee. 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. 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.

In addition, in order to adapt to the development trend of the new normal, the Company focuses on the accumulation and cultivation of quality and highly skilled talents. The Company implements multi-dimensional trainings for internal employees including "online + offline" trainings and "internal + external" trainings, and continues to optimize the training mechanism to accelerate our employees' growth. Meanwhile, we have also launched a variety of basic courses through our online education academy platform, including robot solutions, AI product case studies, call center product upgrades, and Sales Learning Maps (《銷售學習地圖》) for the sales department, etc., which has effectively improved the comprehensive skills of employees.

Case: Knowledge Sharing Thursday

Every Thursday, our employees in sales and customer service businesses are provided with training programs, which could be divided into three main sections:

- Training on New Products: We provide our employees with training on new products on a regular basis to ensure that our teams have an insightful understanding of the Company's latest products and services, content of which includes product features, market positioning and use cases.

- Sharing of Customer Cases: We encourage our employees to share successful customer cases, which not only recognizes the team's efforts, but also provides others with the opportunity to learn and improve. Such sharing helps our sales team to better understand customer demands and to apply knowledge learned to practices.

- Dissemination of Technical Knowledge: We invite external experts and the Company's internal technical experts to provide technical knowledge seminars to our sales teams with a view to broadening the channel to discuss technical issues with customers. The aim is to simplify technical concepts so that employees with non-technical backgrounds can also understand and communicate this information.

Employees Training Data	At December 31, 2023 Person	Training hours	Average training hours	Percentage	At December 31, 2022 Person	Training hours	Average training hours	Percentage
Total	588	1,176	2	100%	477	3,339	7	100%
By gender								
Male	407	814	2	100%	333	2,331	7	100%
Female	181	362	2	100%	144	1,008	7	100%
By employee category								
Senior management	12	24	2	100%	12	36	3	100%
Middle management	60	120	2	100%	60	180	3	100%
General employee	516	1,032	2	100%	405	2,835	7	100%

Health and Safety

TI Cloud strictly follows the requirements of 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》), attaches importance to the management of occupational health of employees, 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 Reporting Period, 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.

In addition, the Company has formulated its internal management 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 laws and regulations and industry standards; we have also promoted safety training and built an occupational health and safety protection and training system. We do our best to protect health and safety of employees comprehensively with training and publicity, occupational health checkups, distribution of personal protective equipment and special training. In 2023, the Company has organized 249 employees to accept health checkups, enabling them to better understand their health conditions and enabling them to devote into their work in a healthy condition.

During the Reporting Period, there were no injuries or significant property damage to TI Cloud.

Key performance indicators	Unit	2023	2022	2021
Number of work-related fatalities	person	0	0	0
Rate of work-related fatalities	%	0	0	0
Lost days due to work injury	day	0	0	0

Figure: Annual health check for employees

Figure: Fire prevention drill for employees

Figure: Electrical inspection

Corporate Culture

To effectively implement the core corporate values of "openness, collaboration, integrity, responsibility and self-criticism" and to strengthen the essence of our corporate culture, we have implemented "honor motivation" and related recognition measures during the Reporting Period. "Honor motivation" is not just a concept, but an action guidance that we are committed to in daily operation. We believe that our core values shall be integrated into our activities, decisions and daily work rather than slogans only. We set role models, commend and reward employees who demonstrate the Company's core values in their work, through a series of well-designed activities to promote the recognition and implementation of the Company's core values by all employees.

Figure: Honor motivation for employees

WORK TOGETHER TO FULFILL 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.

Devote to Public Interest

TI Cloud fulfills its corporate social and environmental responsibility and regards public and community interest as an important aspect of its corporate culture. We have constantly been dedicated to promoting social welfare with sincere and practical actions and by giving back to society.

In rural areas, a long-term and pressing problem is the shortage of medical resources. To improve it, we have paid special attention to enhancing the service capacity of rural doctors to ensure that the rural residents have access to basic medical services. During the Reporting Period, we made a donation of RMB5,000 to the "Rural Doctors' Visiting Kits" project, with the aim of supporting rural doctors to conduct more effective visiting and medical services.

In the future, TI Cloud will actively invest resources in the community and call on its employees to engage in community services making continuous contributions in community education, environment and culture.

韩红爱心慈善基金会
HAN HONG LOVE CHARITY FOUNDATION

公益捐赠证书

This certificate is proudly presented to

尊敬的北京天润融通科技股份有限公司：

感谢您于2023年12月15日向北京韩红爱心慈善基金会的「乡村医生巡诊包」捐赠￥5000.00元。我会将尊重您的意愿，将此捐赠全部用于公益事业中。对于您崇高的善举，我们致以真诚的谢意！感谢您，让世界更温暖。

北京韩红爱心慈善基金会
二〇二三年十二月二十日

扫码查询证书真伪

证书编号：HHAX20231220382187

Figure: Charitable donation

LIST OF ESG INDICATORS

Aspect	Indicators	Particulars	Location of the Report
A. Environmental			
A1: Emissions	General Disclosure	Information on: a. the policies; and b. 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
	A1.1	The type of emissions and respective emissions data.	Emissions Management
	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.	Emissions Management
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	Green Operation
	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.	Waste Management
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Resource Management and Use
	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).	Resource Management and Use
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Resource Management and Use
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Resource Management and Use
	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. The Company has 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.	The Company's business does not involve the use of packaging material

Aspect	Indicator No.	Indicator Content	Location in the Report
A3: The Environment and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Not applicable, the Company's principal activities do not have significant impacts on the environment and natural resources
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Not applicable, the Company's principal activities do not have significant impacts on the environment and natural resources
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Response to Climate Change
	A4.1	Description of 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			
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.	Employment
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment
	B1.2	Employee turnover rate by gender, age group and geographical region.	Employment

Aspect	Indicator No.	Indicator Content	Location in the Report
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	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
	B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
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.	Employment
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment
	B4.2	Description of steps taken to eliminate such practices when discovered.	Employment

Aspect	Indicator No.	Indicator Content	Location in the Report
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Responsible Supply Chain Management
	B5.1	Number of suppliers by geographical region.	Responsible Supply Chain Management
	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 Chain Management
	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 Chain Management
	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 Chain Management
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.	Strict Quality Control
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Company's business does not involve product recalls for safety and health reasons
	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.	Intellectual Property Management and Protection
	B6.4	Description of quality assurance process and recall procedures.	Not applicable, the Company's business does not involve the production and manufacturing of products
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Information Security

Aspect	Indicator No.	Indicator Content	Location in the Report
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 and Anti-corruption
	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 and Anti-corruption
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Business Ethics and Anti-corruption
	B7.3	Description of anti-corruption training provided to directors and staff.	Business Ethics and Anti-corruption
Community			
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.	Devote to Public Interest
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Devote to Public Interest
	B8.2	Resources contributed (e.g. money or time) to the focus area.	Devote to Public Interest

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 126 to 215, which comprise the consolidated statement of financial position as at 31 December 2023, 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 material accounting information.

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 2023, 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 matters	How our audit addressed the key audit matters
Impairment of trade receivables and contract assets	
As at 31 December 2023, the carrying amounts of the Group's trade receivables and contract assets before impairment were approximately RMB103,198,000 and RMB5,241,000 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 2.4, 3, 17 and 18 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 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 financial statements.
Impairment of goodwill	
As at 31 December 2023, the carrying amount of the Group's goodwill was approximately RMB99,544,000. In accordance with International Accounting Standard ("IAS") 36 *Impairment of Assets*, the Group is required to annually test the amount of goodwill for impairment. This annual impairment test involved significant management's judgement and estimates, such as expected revenue growth rates, discount rates and perpetual growth rates. Relevant disclosures are included in notes 2.4, 3 and 15 to the financial statements.	We performed the following procedures to address the impairment of goodwill: • Assessed the reasonableness of expected revenue growth rates by making enquiries with management and with reference to historical information and industry development expectations; • With the assistance of our internal valuation specialists, examined the valuation methodologies and evaluated the assumptions and estimates used, including the discount rates and the perpetual growth rates; • Checked the mathematical accuracy of management's valuation schedules; and • Evaluated the adequacy of the relevant disclosures in the 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
27 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000 (Restated)
REVENUE	5	**446,846**	383,244
Cost of sales		**(232,070)**	(198,301)
Gross profit		**214,776**	184,943
Other income and gains	5	**15,742**	17,960
Selling and distribution expenses		**(110,119)**	(89,102)
Administrative expenses		**(30,726)**	(36,039)
Research and development expenses		**(91,794)**	(78,639)
Impairment losses on financial and contract assets		**(5,685)**	(4,727)
Other expenses and losses		**(726)**	(1,541)
Finance costs	7	**(504)**	(627)
LOSS BEFORE TAX	6	**(9,036)**	(7,772)
Income tax credit	10	**405**	261
LOSS FOR THE YEAR		**(8,631)**	(7,511)
LOSS PER SHARE			
Basic and diluted (RMB cents)	12	**(4.96)**	(4.63)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	31 December 2023 RMB'000	31 December 2022 RMB'000 (Restated)	1 January 2022 RMB'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	13	**2,010**	2,464	3,611
Right-of-use assets	14(a)	**12,000**	10,897	7,781
Goodwill	15	**99,544**	–	–
Other intangible assets	16	**12,813**	2,462	2,971
Prepayments, other receivables and other assets	20	**2,168**	53,378	–
Deferred tax assets	26	**1,396**	1,089	763
Total non-current assets		**129,931**	70,290	15,126
CURRENT ASSETS				
Trade receivables	17	**89,862**	87,146	64,388
Contract assets	18	**4,464**	4,474	2,214
Contract costs	19	**8,545**	10,273	–
Prepayments, other receivables and other assets	20	**24,952**	14,291	12,695
Prepaid tax		**20**	27	2,286
Financial investments	21	**50,087**	40,886	31,227
Pledged deposits		**–**	–	21,293
Restricted cash	22	**670**	–	–
Cash and cash equivalents	22	**298,075**	341,669	152,545
Total current assets		**476,675**	498,766	286,648
CURRENT LIABILITIES				
Trade payables	23	**26,957**	28,644	15,740
Contract liabilities	24	**45,844**	29,598	22,716
Other payables and accruals	25	**49,563**	28,535	22,862
Interest-bearing bank borrowings		**–**	–	10,520
Lease liabilities	14(b)	**7,103**	6,668	5,281
Tax payable		**1,204**	622	419
Total current liabilities		**130,671**	94,067	77,538
NET CURRENT ASSETS		**346,004**	404,699	209,110
TOTAL ASSETS LESS CURRENT LIABILITIES		**475,935**	474,989	224,236

31 December 2023

	Notes	31 December 2023 RMB'000	31 December 2022 RMB'000 (Restated)	1 January 2022 RMB'000 (Restated)
NON-CURRENT LIABILITIES				
Lease liabilities	14(b)	**4,478**	3,425	2,709
Deferred tax liabilities	26	**1,092**	–	–
Total non-current liabilities		**5,570**	3,425	2,709
Net assets		**470,365**	471,564	221,527
EQUITY				
Share capital	27	**114**	114	98
Reserves	29	**470,251**	471,450	221,429
Total equity		**470,365**	471,564	221,527

吴强

WU Qiang
Director

潘威

PAN Wei
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

	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 31 December 2022		114	247,984	95,790	106	27,499	9,653	90,499	471,645
Effect of adoption of amendments to IAS 12	2.2(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 year		–	–	–	–	–	–	(8,631)	(8,631)
Other comprehensive income for the year:									
Exchange differences on translation of the Company and a subsidiary not operating in Chinese Mainland		–	–	–	–	–	3,560	–	3,560
Total comprehensive loss for the year		–	–	–	–	–	3,560	(8,631)	(5,071)
Equity-settled share-based payment arrangements	28	–	–	–	3,872	–	–	–	3,872
Transfer from retained profits		–	–	–	–	220	–	(220)	–
At 31 December 2023		114	247,984*	95,790*	3,978*	27,719*	13,213*	81,567*	470,365

	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 31 December 2021		98	–	95,790	58	27,324	153	98,048	221,471
Effect of adoption of amendments to IAS 12	2.2(c)	–	–	–	–	–	–	56	56
At 1 January 2022 (restated)		98	–	95,790	58	27,324	153	98,104	221,527
Loss for the year (restated)		–	–	–	–	–	–	(7,511)	(7,511)
Other comprehensive income for the year:									
Exchange differences on translation of the Company		–	–	–	–	–	9,500	–	9,500
Total comprehensive income for the year (restated)		–	–	–	–	–	9,500	(7,511)	1,989
Issue of shares	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 (restated)		114	247,984*	95,790*	106*	27,499*	9,653*	90,418*	471,564

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**6,608**	1,775
Purchases of property, plant and equipment	13	**(831)**	(372)
Proceeds from disposal of property, plant and equipment		**24**	12
Purchases of other intangible assets	16	**(721)**	(60)
Prepayments for other intangible assets		**–**	(858)
Prepayments for investments		**–**	(51,862)
Acquisition of a subsidiary	30(a)	**(41,900)**	–
Acquisition of a business	30(b)	**(11,800)**	–
Placement of time deposits with original maturity over three months		**(241,015)**	(148,959)
Withdrawal of time deposits with original maturity over three months upon maturity		**271,907**	–
Purchases of financial investments at fair value through profit or loss		**(185,000)**	(493,700)
Proceeds from disposal/maturity of financial investments at fair value through profit or loss		**161,835**	501,778
Purchase of financial investments at amortised cost		**(50,000)**	(15,000)
Proceeds from maturity of financial investments at amortised cost		**65,715**	–
Net cash flows used in investing activities		**(25,178)**	(207,246)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares, net of direct share issue expense		**–**	252,097
Decrease in pledged time deposits for bank borrowings		**–**	21,000
Repayment of borrowings	31(b)	**–**	(10,990)
Principle portion of lease payments	31(b)	**(7,623)**	(8,028)
Net cash flows from/(used in) financing activities		**(7,623)**	254,079
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(19,284)**	33,767
Cash and cash equivalents at beginning of year		**188,406**	152,545
Effect of foreign exchange rate changes, net		**350**	2,094
CASH AND CASH EQUIVALENTS AT END OF YEAR		**169,472**	188,406

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**123,410**	141,406
Short term deposits		**37,000**	47,000
Non-pledged time deposits with original maturity within three months when acquired		**9,062**	–
Cash and cash equivalents as stated in the statement of cash flows		**169,472**	188,406
Non-pledged time deposits with original maturity over three months when acquired		**128,603**	153,263
Cash and cash equivalents as stated in the statement of financial position	22	**298,075**	341,669

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 principal 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	Indirect	Principal activities
TI Cloud (HK) Limited ("TI HK")	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*)	People's Republic of China ("PRC")/ Chinese Mainland 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/Chinese Mainland 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/Chinese Mainland 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 TianrunRongtong") (上海天潤融通信息科技有限公司*)	PRC/Chinese Mainland 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/Chinese Mainland 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/Chinese Mainland 26 April 2018	RMB10,000,000	–	100	Research and development of customer contact solution
Chengdu Tianrun Golden Armor Technology Co., Ltd. ("Tianrun Golden Armor") (成都天潤金鎧甲科技有限公司*)	PRC/Chinese Mainland 7 December 2022	RMB20,000,000	–	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 Yizhang Yunfeng Technology Co., Ltd. ("Yizhang Yunfeng") (北京易掌雲峰科技有限公司*)	PRC/Chinese Mainland 27 April 2013	RMB63,550,211	–	100	Sales of customer contact solution software and related services and products, provision of technology support services, and research and development of communication software

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 HK, was carried at RMB1 (equivalent to HK$1) at the statement of financial position of the Company as at 31 December 2023 as stated in note 39 to the financial statements.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

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

Contractual arrangements

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

Basis of consolidation

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

2. ACCOUNTING POLICIES (continued)

2.1 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 less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

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

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

2. ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies and disclosures

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

IFRS 17	*Insurance Contracts*
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 the impact of the new and revised IFRSs that are applicable to the Group are described below:

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

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

2. ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies and disclosures (continued)

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

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

2. ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies and disclosures (continued)

impact on the consolidated statement of financial position:

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

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

2. ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies and disclosures (continued)

Impact on the consolidated statement of profit or loss:

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

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

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

2. ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies and disclosures (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. 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.

2.3 Issued but not yet effective international financial reporting standards

The Group has not applied the following revised IFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised IFRSs, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	*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*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[1]
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")[1]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[1]
Amendments to IAS 21	*Lack of Exchangeability*[2]

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

2 Effective for annual periods beginning on or after 1 January 2025

3 No mandatory effective date yet determined but available for adoption

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

2. ACCOUNTING POLICIES (continued)

2.3 Issued but not yet effective international financial reporting standards (continued)

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 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 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 was removed by the IASB. 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.

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments 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. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application 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. ACCOUNTING POLICIES (continued)

2.3 Issued but not yet effective international financial reporting standards (continued)

Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

2. ACCOUNTING POLICIES (continued)

2.4 Material 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 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.

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. ACCOUNTING POLICIES (continued)

2.4 Material 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 each reporting period. 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. ACCOUNTING POLICIES (continued)

2.4 Material 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 each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required (other than contract assets, contract costs and deferred tax 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.

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 each reporting period 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. ACCOUNTING POLICIES (continued)

2.4 Material 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. ACCOUNTING POLICIES (continued)

2.4 Material 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	20% to 50%
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.

2. ACCOUNTING POLICIES (continued)

2.4 Material 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.

Other intangible assets

Amortisation is calculated on the straight-line basis to write off the cost of each item of other intangible assets over its estimated useful life. The principal annual rates used for this purpose are as follows:

Software	10% to 33.33%
Franchise right	20%
Brand name	20%

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.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Leases (continued)

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	1.25 to 4 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. ACCOUNTING POLICIES (continued)

2.4 Material 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, 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. ACCOUNTING POLICIES (continued)

2.4 Material 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.

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

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 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 the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

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. ACCOUNTING POLICIES (continued)

2.4 Material 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.

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. ACCOUNTING POLICIES (continued)

2.4 Material 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 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 (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing 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. ACCOUNTING POLICIES (continued)

2.4 Material 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

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

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 reporting period 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 reporting period, 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 reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. ACCOUNTING POLICIES (continued)

2.4 Material 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 does not give rise to equal taxable and deductible temporary differences; 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 does not give rise to equal taxable and deductible temporary differences; 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 each reporting period 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 each reporting period 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 reporting period.

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. ACCOUNTING POLICIES (continued)

2.4 Material 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. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(a) Rendering of services (continued)

The Group's VPC solutions related to customisation services, the revenue of which 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. 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.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitles to the consideration under the contract terms, 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. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

2. ACCOUNTING POLICIES (continued)

2.4 Material 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

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.

Share-based payments

The Group operates a share incentive plan. 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 each reporting period 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. ACCOUNTING POLICIES (continued)

2.4 Material 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.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Pension scheme

The Group's employees in Chinese Mainland 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.

2. ACCOUNTING POLICIES (continued)

2.4 Material 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 reporting period. 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 Chinese Mainland are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the RMB at the exchange rates prevailing at the end of the reporting period 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, except to the extent that the differences are attributable to non – controlling interests. On disposal of an entity not operating in Chinese Mainland, the cumulative amount in the reserve 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 Chinese Mainland 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. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Foreign currencies (continued)

For the purpose of the consolidated statement of cash flows, the cash flows of the Group's entities not operating in Chinese Mainland 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Accounting for companies governed under the contractual arrangements as subsidiaries

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

Research and development costs

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

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

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the CGU to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculated the present value of those cash flows. The carrying amount of goodwill at 31 December 2023 was RMB99,544,000 (2022: Nil). Further details are given in note 15.

Provision for expected credit losses on trade receivables and contract assets

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

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At the end of each reporting period, the historical 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 17 and 18.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Impairment of non-financial assets (other than goodwill)

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

Deferred tax assets

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

	2023 RMB'000	2022 RMB'000
Chinese Mainland	**446,179**	383,139
Hong Kong	**667**	105
Total	**446,846**	383,244

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

(b) Non-current assets

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

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

Information about major customers

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

5. REVENUE, OTHER INCOME AND GAINS

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

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

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:

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

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:

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

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. 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.

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

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

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

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:

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

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

6. LOSS BEFORE TAX

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

	Notes	2023 RMB'000	2022 RMB'000
Cost of services provided		**231,252**	196,281
Cost of products sold		**818**	2,020
Depreciation of property, plant and equipment *	13	**1,319**	1,451
Depreciation of right-of-use assets *	14(a)	**8,169**	7,017
Amortisation of other intangible assets	16	**3,034**	569
Lease payments not included in the measurement of lease liabilities *	14(c)	**1,940**	2,224
Auditor's remuneration		**2,100**	1,800
Listing expenses		**–**	11,445
Employee benefit expense (excluding directors' and chief executive's remuneration (note 8)): *			
Wages and salaries		**165,395**	139,068
Equity-settled share-based payment expense	28	**3,872**	48
Pension scheme contributions (defined contribution scheme) **		**13,855**	13,135
Total		**183,122**	152,251
Impairment of financial and contract assets:			
Impairment of trade receivables	17	**4,590**	4,063
Impairment of contract assets	18	**668**	634
Impairment of financial assets included in prepayments, other receivables and other assets	20	**427**	30
Total		**5,685**	4,727
Penalties and late fees ***		**240**	186
Loss on disposal/write-off of property, plant and equipment ***		**28**	56
Loss on early termination of leases ***		**24**	–
Write-off of prepayments ***		**434**	–
Foreign exchange losses, net ***		**–**	1,299

6. LOSS BEFORE TAX (continued)

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

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

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

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

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2023 RMB'000	2022 RMB'000
Interest on lease liabilities	504	521
Interest on bank borrowings	–	106
Total	504	627

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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:

	2023	2022
	RMB'000	RMB'000
Fees	**360**	180
Other emoluments:		
Salaries, allowances and benefits in kind	**2,030**	1,723
Performance related bonuses	**1,600**	738
Pension scheme contributions	**244**	232
Subtotal	**3,874**	2,693
Total fees and other emoluments	**4,234**	2,873

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2023	2022
	RMB'000	RMB'000
Mr. LI Zhiyong	**120**	60
Mr. LI Pengtao	**120**	60
Ms. WENG Yang	**120**	60
Total	**360**	180

There were no other emoluments payable to the independent non-executive directors during the year (2022: 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	Pension scheme contributions RMB'000	Total remuneration RMB'000
Year ended 31 December 2023					
Mr. WU Qiang *	–	481	400	61	942
Mr. PAN Wei	–	516	400	61	977
Mr. LI Jin	–	516	400	61	977
Mr. AN Jingbo	–	517	400	61	978
Total	-	2,030	1,600	244	3,874
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
Total	-	1,723	738	232	2,693

* 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 years ended 31 December 2023 and 2022.

9. FIVE HIGHEST PAID EMPLOYEES

There was no director included in the five highest paid employees during the year (2022: Nil). Details of the remuneration of the five (2022: five) highest paid employees who are neither a director nor chief executive of the Company for the year are as follows:

	2023 RMB'000	2022 RMB'000
Salaries, allowances and benefits in kind	**3,937**	4,197
Performance related bonuses	**1,544**	1,848
Equity-settled share-based payment expense	**3,199**	–
Pension scheme contributions	**307**	285
Total	**8,987**	6,330

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

	2023	2022
Nil to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**3**	3
HK$1,500,001 to HK$2,000,000	**–**	2
HK$2,000,001 to HK$2,500,000	**2**	–
Total	**5**	5

Certain non-director and non-chief executive highest paid employees were granted effective equity interest of the Company during the year 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. During the Reporting Period, there were no emoluments paid by the Group to any of the five highest paid employees as an inducement to join, or upon joining the Group, or as compensation for loss of office.

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

Chinese Mainland

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

	2023 RMB'000	2022 RMB'000 (Restated)
Current tax charged for the year		
Hong Kong	**34**	6
Chinese Mainland	**124**	58
Deferred tax credited for the year (note 26)	**(563)**	(325)
Total tax credit for the year	**(405)**	(261)

10. INCOME TAX (continued)

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

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

11. DIVIDENDS

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

12. LOSS PER SHARE

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

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

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 2023					
At 1 January 2023:					
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
At 1 January 2023, net of accumulated depreciation	155	73	2,184	52	2,464
Additions	–	59	772	–	831
Acquisition of a subsidiary (note 30(a))	–	–	86	–	86
Disposals/write-off	–	–	(38)	(14)	(52)
Depreciation provided during the year	(155)	(26)	(1,138)	–	(1,319)
At 31 December 2023, net of accumulated depreciation	–	106	1,866	38	2,010
At 31 December 2023:					
Cost	1,136	764	18,415	786	20,731
Accumulated depreciation	(1,136)	(658)	(16,549)	(748)	(18,721)
Net carrying amount	-	106	1,866	38	2,010

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 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

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 and four 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:

	Notes	**2023 RMB'000**	2022 RMB'000
Carrying amount at 1 January		**10,897**	7,781
New leases		**10,047**	10,212
Acquisition of a subsidiary	30(a)	**1,558**	–
Acquisition of a business	30(b)	**1,023**	–
Depreciation charge		**(8,169)**	(7,017)
Early termination of leases		**(3,356)**	(79)
Carrying amount at 31 December		**12,000**	10,897

14. LEASES (continued)

Group as a lessee (continued)

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are as follows:

	Notes	2023 RMB'000	2022 RMB'000
Carrying amount at 1 January		**10,093**	7,990
New leases		**10,047**	10,212
Acquisition of a subsidiary	30(a)	**1,372**	–
Acquisition of a business	30(b)	**1,024**	–
Accretion of interest recognised during the year		**504**	521
Payments		**(8,127)**	(8,549)
Early termination of leases		**(3,332)**	(81)
Carrying amount at 31 December		**11,581**	10,093
Analysed into:			
Current portion – repayable within one year		**7,103**	6,668
Non-current portion			
– repayable in the second year		**4,134**	2,480
– repayable in the third to fifth year, inclusive		**344**	945
Total non-current portion of lease liabilities		**4,478**	3,425

The maturity analysis of lease liabilities is disclosed in note 36 to the financial statements.

14. LEASES (continued)

Group as a lessee (continued)

(c) The amounts charged/(credited) to profit or loss in relation to leases are as follows:

	2023 RMB'000	2022 RMB'000
Interest on lease liabilities	504	521
Depreciation charge of right-of-use assets	8,169	7,017
Loss/(gain) on early termination of leases	24	(2)
Expense relating to short-term leases	1,940	2,224
Total amount charged to profit or loss	10,637	9,760

(d) The total cash outflow for leases is disclosed in note 31(c) to the financial statements.

15. GOODWILL

	2023 RMB'000	2022 RMB'000
Cost and net carrying amount at 1 January	–	–
Acquisition of a subsidiary (note 30(a))	85,952	–
Acquisition of a business (note 30(b))	10,268	–
Exchange realignment	3,324	–
Cost and net carrying amount at 31 December	99,544	–

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

Impairment testing of goodwill

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

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

15. GOODWILL (continued)

Impairment testing of goodwill (continued)

Revenue growth and perpetual growth rates

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

Discount rate

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

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

16. OTHER INTANGIBLE ASSETS

	Software RMB'000	Franchise right RMB'000	Brand name RMB'000	Total RMB'000
31 December 2023				
At 1 January 2023:				
Cost	5,065	–	–	5,065
Accumulated amortisation	(2,603)	–	–	(2,603)
Net carrying amount	2,462	–	–	2,462
At 1 January 2023, net of accumulated amortisation	2,462	–	–	2,462
Additions	721	–	–	721
Acquisition of a subsidiary (note 30(a))	3,164	3,800	–	6,964
Acquisition of a business (note 30(b))	2,500	–	3,200	5,700
Amortisation provided during the year	(1,697)	(697)	(640)	(3,034)
At 31 December 2023, net of accumulated amortisation	7,150	3,103	2,560	12,813
At 31 December 2023:				
Cost	11,450	3,800	3,200	18,450
Accumulated amortisation	(4,300)	(697)	(640)	(5,637)
Net carrying amount	7,150	3,103	2,560	12,813

16. OTHER INTANGIBLE ASSETS (continued)

	Software RMB'000	Franchise right RMB'000	Brand name RMB'000	Total RMB'000
31 December 2022				
At 1 January 2022:				
Cost	5,005	–	–	5,005
Accumulated amortisation	(2,034)	–	–	(2,034)
Net carrying amount	2,971	–	–	2,971
At 1 January 2022, net of accumulated amortisation	2,971	–	–	2,971
Additions	60	–	–	60
Amortisation provided during the year	(569)	–	–	(569)
At 31 December 2022, net of accumulated amortisation	2,462	–	–	2,462
At 31 December 2022:				
Cost	5,065	–	–	5,065
Accumulated amortisation	(2,603)	–	–	(2,603)
Net carrying amount	2,462	–	–	2,462

17. TRADE RECEIVABLES

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

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

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

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

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

	2023 RMB'000	2022 RMB'000
At beginning of year	**8,707**	4,993
Impairment losses (note 6)	**4,590**	4,063
Acquisition of a subsidiary (note 30(a))	**179**	–
Amount written off as uncollectible	**(140)**	(349)
At end of year	**13,336**	8,707

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

17. TRADE RECEIVABLES (continued)

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

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

As at 31 December 2023

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

As at 31 December 2022

	Ageing			
	Within 1 years	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

18. CONTRACT ASSETS

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

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

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

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

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

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

	2023 RMB'000	2022 RMB'000
At beginning of year	**109**	320
Impairment losses (note 6)	**668**	634
Amount written off as uncollectible	**–**	(845)
At end of year	**777**	109

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

18. CONTRACT ASSETS (continued)

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

	2023 RMB'000	2022 RMB'000
Expected credit loss rate	**14.83%**	2.38%
Gross carrying amount (RMB'000)	**5,241**	4,583
Expected credit losses (RMB'000)	**777**	109

19. CONTRACT COSTS

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

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2023 RMB'000	2022 RMB'000
Current:		
Prepayments	**10,105**	9,725
Deposits	**4,105**	2,691
Other receivables	**11,740**	2,298
Prepaid other tax	**186**	334
Subtotal – current	**26,136**	15,048
Impairment	**(1,184)**	(757)
Total – current	**24,952**	14,291
Non-current:		
Prepayments for investments	**–**	51,862
Prepayments for other intangible assets	**858**	858
Other receivables and other assets	**1,310**	658
Total – non-current	**2,168**	53,378
Total	**27,120**	67,669

20. 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:

	2023 RMB'000	2022 RMB'000
At beginning of year	**757**	757
Impairment losses (note 6)	**427**	30
Amount written off as uncollectible	**–**	(30)
At end of year	**1,184**	757

The increase in the loss allowance for the year ended 31 December 2023 was due to the increase in the loss allowance of RMB427,000 as a result of specific provisions made against certain uncollectible deposits and other receivables. There was no increase/decrease in the loss allowance for the year ended 31 December 2022.

21. FINANCIAL INVESTMENTS

	2023 RMB'000	2022 RMB'000
Financial investments at fair value through profit or loss	**50,087**	25,733
Financial investments at amortised cost	**–**	15,153
Total	**50,087**	40,886

The Group's financial investments at fair value through profit or loss at 31 December 2023 represented structural deposits issued by banks operating in Chinese Mainland (2022: unlisted funds issued by licensed fund management companies operating in Chinese Mainland). 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 principal protected debt investments issued by a licensed wealth management company operating in Chinese Mainland.

22. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	2023 RMB'000	2022 RMB'000
Cash and bank balances	124,080	141,406
Short term deposits	37,000	47,000
Time deposits	137,665	153,263
Total cash and bank balances	298,745	341,669
Less: restricted cash	(670)	–
Total cash and cash equivalents	298,075	341,669

At the end of the reporting period, the Group's cash and cash equivalents and restricted cash denominated in RMB amounted to RMB152,955,000 (2022: RMB131,282,000). The RMB is not freely convertible into other currencies, however, under Chinese Mainland'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 one month 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. The Group's restricted cash is mainly related to its obligations in providing services to certain customers.

23. 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:

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

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

24. CONTRACT LIABILITIES

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

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

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

25. OTHER PAYABLES AND ACCRUALS

	2023 RMB'000	2022 RMB'000
Payroll and welfare payables	**25,821**	19,246
Other tax payables	**4,064**	2,663
Other payables	**19,678**	6,626
Total	**49,563**	28,535

Other payables are non-interest-bearing and have an average term within one year.

26. DEFERRED TAX

The movements in deferred tax assets/(liabilities) during the year are as follows:

	Notes	Fair value adjustments arising from acquisition of a subsidiary and a business RMB'000	Fair value adjustments of financial investments at fair value through profit or loss RMB'000	Impairment of financial assets RMB'000	Right-of-use assets RMB'000	Lease liabilities RMB'000	Total RMB'000
At 31 December 2022		**–**	**(260)**	**1,430**	**–**	**–**	**1,170**
Effect of the adoption of amendments to IAS 12	2.2(c)	**–**	**–**	**–**	**(1,300)**	**1,219**	**(81)**
At 1 January 2023 (restated)		**–**	**(260)**	**1,430**	**(1,300)**	**1,219**	**1,089**
Acquisition of a subsidiary	30(a)	**(1,035)**	**–**	**–**	**(233)**	**205**	**(1,063)**
Acquisition of a business	30(b)	**(285)**	**–**	**–**	**(51)**	**51**	**(285)**
Deferred tax credited/(charged) to profit or loss	10	**247**	**247**	**–**	**41**	**28**	**563**
At 31 December 2023		**(1,073)**	**(13)**	**1,430**	**(1,543)**	**1,503**	**304**
At 31 December 2021		–	(184)	891	–	–	707
Effect of the adoption of amendments to IAS 12	2.2(c)	–	–	–	(1,093)	1,149	56
At 1 January 2022 (restated)		–	(184)	891	(1,093)	1,149	763
Deferred tax credited/(charged) to profit or loss (restated)	10	–	(76)	539	(207)	70	326
At 31 December 2022 (restated)		–	(260)	1,430	(1,300)	1,219	1,089

26. DEFERRED TAX (continued)

For presentation purpose, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group recognised in the consolidated statement of financial position for financial reporting purpose:

	2023 **RMB'000**	2022 RMB'000
Net deferred tax assets	**1,396**	1,089
Net deferred tax liabilities	**(1,092)**	–
	304	1,089

Deferred tax assets have not been recognised in respect of the following items:

	2023 **RMB'000**	2022 RMB'000
Tax losses:		
expired in one to five years	**6,408**	2,261
expired in one to ten years	**277,429**	51,828
Deductible temporary differences	**5,761**	38
Total	**289,598**	54,127

Tax losses arising in Chinese Mainland will expire in five 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.

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese Mainland in respect of earnings generated from 1 January 2008. The applicable rate is 5% or 10% for the Group.

At the end of the reporting period, 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 Chinese Mainland. 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 Chinese Mainland for which deferred tax liabilities have not been recognised totalled RMB150,130,000 as at 31 December 2023 (2022: RMB123,364,000). 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 2023 USD'000	31 December 2023 RMB'000 equivalent	31 December 2022 USD'000	31 December 2022 RMB'000 equivalent
Issued and fully paid:				
174,000,400 (2022: 174,000,400) ordinary shares at USD0.0001 each	**17**	**114**	17	114

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 RMB'000	Total RMB'000
At 1 January 2022	150,000,000	15	98	–	98
Issue of shares at 30 June 2022 (note a)	24,000,000	2	16	263,728	263,744
Issue of shares at 27 July 2022 (note b)	400	–	–	4	4
Share issue expenses	–	–	–	(15,748)	(15,748)
At 31 December 2022 and 31 December 2023	170,400,400	17	114	247,984	248,098

Notes:

(a) 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).

(b) 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 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.

The restricted shares and restricted share units of the Company 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, respectively, 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, respectively, of the listing date of the Company) for those granted prior to the IPO, or of the grant dates for those granted after the IPO.

The movement of the number of restricted shares and restricted share units during the year is as follows:

	Restricted shares		Restricted share units	
	2023	2022	**2023**	2022
At 1 January	**14,648,087**	22,401,219	**280,728**	491,080
Granted during the year	**–**	–	**912,648**	–
Released or settled during the year	**(7,217,580)**	(7,324,048)	**(111,019)**	(130,352)
Cancelled during the year	**(212,937)**	(429,084)	**(125,775)**	(80,000)
At 31 December	**7,217,570**	14,648,087	**956,582**	280,728

28. SHARE-BASED PAYMENTS (continued)

The fair value of restricted share units granted and the amount of share-based payment expense during the year are as follows:

	2023	2022
Fair value of restricted share units granted:		
Total amount (RMB'000)	**6,968**	–
Per share amount (RMB)	**7.64**	–
Share-based payment expense (RMB'000)		
attributable to restricted share units granted in current year	**3,852**	–
prior years	**20**	48
Total share-based payment expense	**3,872**	48

The fair value of restricted share units granted during the year was determined based on the market value of the Company's shares at the grant date.

Subsequent to the end of the reporting period, on 15 January 2024, there were 498,500 restricted share units granted to 46 eligible employees at a purchase price of HK$4.1 per underlying share. The restricted share units are to be vested to each grantee in three equal tranches on the 12-month, 24-month and 36 – month anniversaries of the date of grant. The closing price of the Company's ordinary shares at the date of grant was HK$4.89.

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 restricted shares and restricted share units of the Company granted to the Group's employees that are vested, as further explained in the accounting policy for share-based payment in note 2.4 to the financial statements.

(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. BUSINESS COMBINATION

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

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

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

	Notes	**Fair value recognised on acquisition RMB'000**
Property, plant and equipment	13	86
Right-of-use assets	14(a)	1,558
Other intangible assets	16	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	14(b)	(1,372)
Deferred tax liabilities	26	(1,063)
Total identifiable net assets at fair value		14,243
Goodwill on acquisition	15	85,952
Total consideration		100,195
Satisfied by cash		
Prepaid in 2022		48,662
Paid in current year		51,533
Total		100,195

30. BUSINESS COMBINATION (continued)

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

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

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

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

	RMB'000
Cash consideration paid in current year	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
Total net cash outflow	42,050

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

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

30. BUSINESS COMBINATION (continued)

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

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

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

	Notes	**Fair value recognised on acquisition RMB'000**
Right-of-use assets	14(a)	1,023
Other intangible assets	16	5,700
Prepayments, other receivables and other assets		318
Lease liabilities	14(b)	(1,024)
Deferred tax liabilities	26	(285)
Total identifiable net assets at fair value		5,732
Goodwill on acquisition	15	10,268
Total consideration		16,000
Satisfied by cash		
Prepaid in 2022		3,200
Paid in current year		11,800
Payable as of 31 December 2023		1,000
Total		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 consolidated statement of profit or loss.

30. BUSINESS COMBINATION (continued)

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

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

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

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

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

31. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB10,047,000 (2022: RMB10,212,000), in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

Lease liabilities

	2023 RMB'000	2022 RMB'000
At beginning of year	10,093	7,990
Changes from financing cash flows	(7,623)	(8,028)
New leases	10,047	10,212
Early termination of leases	(3,332)	(81)
Acquisition of a subsidiary (note 30(a))	1,372	–
Acquisition of a business (note 30(b))	1,024	–
Interest expense	504	521
Interest paid classified as operating cash flows	(504)	(521)
At end of year	11,581	10,093

Interest-bearing bank borrowings

	2023 RMB'000	2022 RMB'000
At beginning of year	–	10,520
Changes from financing cash flows	–	(10,990)
Effect of foreign exchange rate changes, net	–	470
At end of year	–	–

31. 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:

	2023 RMB'000	2022 RMB'000
Within operating activities	**2,444**	2,745
Within financing activities	**7,623**	8,028
Total	**10,067**	10,773

32. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	2023 RMB'000	2022 RMB'000
Software	–	1,620
Investments	–	65,838
Total	–	67,458

33. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group

	2023 RMB'000	2022 RMB'000
Short term employee benefits	**4,438**	3,407
Post-employment benefits	**275**	290
Total compensation of key management personnel	**4,713**	3,697

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

34. 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 2023

	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	–	89,862	89,862
Financial assets included in other receivables and other assets	–	15,971	15,971
Financial investments	50,087	–	50,087
Restricted cash	–	670	670
Cash and cash equivalents	–	298,075	298,075
Total	50,087	404,578	454,665

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
Total	25,733	448,858	474,591

34. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Financial liabilities

	Financial liabilities at amortised cost	
	2023 RMB'000	2022 RMB'000
Trade payables	26,957	28,644
Financial liabilities included in other payables and accruals	19,678	7,709
Lease liabilities	11,581	10,093
Total	58,216	46,446

35. 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	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Financial investments at fair value through profit or loss	50,087	25,733	50,087	25,733
Other receivables and other assets, non-current portion	1,310	658	1,236	634
Total	51,397	26,391	51,323	26,367

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade receivables, trade payables, current portion of financial assets included in prepayments, other receivables and other assets, financial investments at amortised cost, 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 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.

35. 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 following methods and assumptions were used to estimate the fair values:

The Group's financial investments at fair value through profit or loss at 31 December 2023 were structural deposits, the fair values of which were determined by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks. The Group's financial investments at fair value through profit or loss at 31 December 2022 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 2023	–	50,087	–	50,087
As at 31 December 2022	25,733	–	–	25,733

35. 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 2023	–	1,236	–	1,236
As at 31 December 2022	–	634	–	634

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

36. 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$.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Group's 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 equity RMB'000
As at 31 December 2023			
If HK$ weakens against USD	1	(993)	–
If HK$ strengthens against USD	(1)	993	–
As at 31 December 2022			
If HK$ weakens against USD	1	(1,509)	–
If HK$ strengthens against USD	(1)	1,509	–

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 reporting period.

36. 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 2023

	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 *	–	–	–	103,198	103,198
Contract assets *	–	–	–	5,241	5,241
Financial assets included in prepayments, other receivables and other assets					
– Normal **	15,971	–	–	–	15,971
– Doubtful **	–	–	1,184	–	1,184
Financial investments at amortised cost	–	–	–	–	–
Restricted cash	670	–	–	–	670
Cash and cash equivalents	298,075	–	–	–	298,075
Total	314,716	–	1,184	108,439	424,339

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 *					
Financial assets included in prepayments, other receivables and other assets	–	–	–	4,583	4,583
– 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
Total	361,712	–	757	100,436	462,905

36. 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 17 and 18 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 17 and 18 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 reporting period, based on the contractual undiscounted payments, is as follows:

As at 31 December 2023

	On demand or less than one year RMB'000	One to five years RMB'000	Total RMB'000
Trade payables	21,803	5,154	26,957
Financial liabilities included in other payables and accruals	19,678	–	19,678
Lease liabilities	7,728	5,160	12,888
Total	49,209	10,314	59,523

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

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
Total	43,556	4,514	48,070

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 2023 and 2022.

36. 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, 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:

	2023 RMB'000	2022 RMB'000 (Restated)
Trade payables	26,957	28,644
Financial liabilities included in other payables and accruals	19,678	7,709
Lease liabilities	11,581	10,093
Less: cash and cash equivalents	298,075	341,669
Net debt	(239,859)	(295,223)
Equity	470,365	471,564
Capital and net debt	230,506	176,341
Gearing ratio *	N/A	N/A

* As at 31 December 2023 and 2022, the Group's cash and cash equivalents exceeded aggregated amounts of trade payables, financial liabilities included in other payables and accruals, and lease liabilities. As such, no gearing ratios were presented.

37. EVENTS AFTER THE REPORTING PERIOD

On 15 January 2024, the Company granted 498,500 restricted share units to 46 eligible employees in accordance with the terms of the share incentive plan detailed in note 28, representing 0.29% of the issued share capital of the Company as of the date of approval of these financial statements.

38. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the financial statements, due to the adoption of the new and revised IFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made, and certain comparative amounts have been restated to conform with the current year's presentation and accounting treatment, and a third statement of financial position as at 1 January 2022 has been presented.

39. 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	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Investment in subsidiaries	1	**3,978**	–
Due from a subsidiary		**104,966**	48,669
Total non-current assets		**108,944**	48,669
CURRENT ASSETS			
Prepayments, other receivables and other assets		**2,156**	2,072
Cash and cash equivalents		**137,248**	190,387
Total current assets		**139,404**	192,459
CURRENT LIABILITIES			
Other payables and accruals		**1,865**	5,094
Due to a subsidiary		**6,080**	2,920
Total current liabilities		**7,945**	8,014
NET CURRENT ASSETS		**131,459**	184,445
TOTAL ASSETS LESS CURRENT LIABILITIES		**240,403**	233,114
Net assets		**240,403**	233,114
EQUITY			
Share capital		**114**	114
Reserves		**240,289**	233,000
Total equity		**240,403**	233,114

WU Qiang
Director

PAN Wei
Director

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note: A summary of the Company's reserves is as follows:

Year ended 31 December 2023

	Share premium RMB'000	Capital reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023	**247,984**	**–**	**9,538**	**(24,522)**	**233,000**
Loss for the year	**–**	**–**	**–**	**(60)**	**(60)**
Other comprehensive income for the year:					
Exchange differences on translation of the Company	**–**	**–**	**3,371**	**–**	**3,371**
Total comprehensive income for the year	**–**	**–**	**3,371**	**(60)**	**3,311**
Equity-settled share-based payment arrangement	**–**	**3,872**	**–**	**–**	**3,872**
At 31 December 2023	**247,984**	**3,872**	**12,909**	**(24,582)**	**240,183**

Year ended 31 December 2022

	Share premium RMB'000	Capital reserve 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 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

40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2024.

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
"Audit Committee"	the audit committee of the Company
"Auditor"	Ernst & Young, the auditor 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 of our Company

"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.
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"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 C3 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
"New Shares"	the Shares to be offered for subscription by the Company under the Global Offering
"Nomination Committee"	the nomination committee of the Company
"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
"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, 2023
"RMB" or "Renminbi"	Renminbi, the lawful currency of PRC

"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 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
"Share(s)"	ordinary share(s) in the share capital of our Company with par value of US$0.0001 each
"Shareholder(s)"	holder(s) of our Share(s)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"TI Cloud (HK)"	TI Cloud (HK) Limited, a limited liability company established under the laws of Hong Kong, and a wholly-owned subsidiary of the Company
"T&I Net Communication"	Beijing T&I Net Communication Co., Ltd. (北京天潤融通科技股份有限公司), a limited liability company established in Beijing, the PRC on February 23, 2006, and is one of our Consolidated Affiliated Entities by virtue of the Contractual Arrangements
"United States", "U.S." or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollars", "U.S. dollars", "US$" 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
"architecture"	the structure under which an information system's hardware, software, data and communication capabilities are put together
"ASR"	Automatic Speech Recognition, a technology that uses machine-learning algorithms to convert spoken language to text
"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