TI Cloud Inc.
天润云股份有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2167)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2024

The board (the "**Board**") of directors (the "**Directors**") of TI Cloud Inc. (the "**Company**" or "**TI Cloud**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries and consolidated affiliated entities (collectively, the "**Group**") for the six months ended June 30, 2024 (the "**Reporting Period**"), together with comparative figures for the same period of 2023. These interim results have been reviewed by the Company's Audit Committee.

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

FINANCIAL HIGHLIGHTS

	Six months ended June 30,		
	2024	2023	
	RMB' in thousands, except percentages (unaudited)	*RMB' in thousands, except percentages (unaudited)*	Year-on-year change
Revenue	**236,150**	212,917	10.9%
Gross profit	**121,920**	102,067	19.5%
Gross profit margin	**51.6%**	47.9%	–
Profit/(Loss) before tax	**13,899**	(2,323)	–
Profit/(Loss) for the period	**13,910**	(2,029)	–

The Board did not recommend the distribution of an interim dividend for the six months ended June 30, 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Looking back at the Reporting Period, the economic recovery proceeded at a slower pace than anticipated. Our clients generally prolonged their decision-making timelines and enforced more stringent decision-making protocols. These changes have increased the difficulty of acquiring new clients. Our revenue increased by 10.9% from RMB212.9 million for the six months ended June 30, 2023 to RMB236.2 million for the six months ended June 30, 2024, and our gross profit increased by 19.5% from RMB102.1 million for the six months ended June 30, 2023 to RMB121.9 million for the six months ended June 30, 2024, primarily due to the increase in revenue generated from SaaS solutions, rapid expansion of our AI-related products portfolio and better cost control.

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 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. It significantly enhances the competitiveness of our SaaS products and becomes a key driver for our business growth. In the first half of 2024, we further refined our overall AI solutions and launched Weiteng AI Agent Platform (微藤 AI 智能體平台) ("**Weiteng AI**"). Leveraging the industry know-how accumulated over the years, our "SaaS+AI" product portfolio has been able to deeply penetrate specific business scenarios, assisting clients in problem-solving and achieving tangible business results. Simultaneously, through Weiteng AI, we are actively constructing an open ecosystem of large models, engaging in close collaborations with more large model merchants to collectively expedite the commercialization of AI.

We are committed to our mission of "making customer contact a better experience, with improved efficiency," and concentrate 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 the first half of 2024, we served a total number of 4,136 SaaS clients, decreasing by 0.5% from 4,158 in the first half of 2023. 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 on a regular basis. In the first half of 2024, our SaaS client retention rate and dollar-based net retention rate for all SaaS clients was 74.2% and 100.3%, respectively, compared to 74.7% and 105.4% in the first half of 2023.

Technology is at the heart of our solutions. In the first half of 2024, we continued to strengthen our technology leadership through product and technology innovation. In the first half of 2024, 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 60 months. In the first half of 2024, we were named the "2024 Best Intelligent Customer Service Solution in China" and included in the "2023 China's High-Tech Growth Companies List" by "First New Voice" respectively.

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-premises 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 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 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.

The Group has comprehensively upgraded our Intelligent Contact Center Solutions by conducting AI native transformation through Weiteng AI 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 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, based 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.

With the integration of Weiteng AI, 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 AI 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 the second half of 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 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-premises 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 AI 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 AI 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 AI can allow businesses to understand customer needs and expectations more accurately through in-depth analysis and insight into a large volume of data. This helps clients optimize their marketing strategies, product design, and customer service and drive rapid business growth with knowledge.

FINANCIAL REVIEW

Revenue

Our revenue increased by 10.9% from RMB212.9 million for the six months ended June 30, 2023 to RMB236.2 million for the six months ended June 30, 2024, primarily due to an increase in the revenue from SaaS solutions.

Revenue by businesses

In the first half of 2024, we derived our revenue from providing (i) SaaS solutions, (ii) VPC solutions and (iii) other services and product sales. The following table sets forth a breakdown of our revenue by businesses for the periods indicated.

	Six months ended June 30,				
	2024		2023		
	RMB'000 (unaudited)	***Percentage of total***	*RMB'000 (unaudited)*	*Percentage of total*	Year-on-year change
SaaS solutions	**219,922**	**93.1%**	198,641	93.3%	10.7%
Intelligent Contact Center Solutions	**181,576**	**76.9%**	170,525	80.1%	6.5%
Agile Agent Solutions	**25,535**	**10.8%**	21,427	10.1%	19.2%
ContactBot Solutions	**12,811**	**5.4%**	6,689	3.1%	91.5%
VPC solutions	**13,879**	**5.9%**	11,757	5.5%	18.0%
Other services and product sales	**2,349**	**1.0%**	2,519	1.2%	(6.7%)
Total	**236,150**	**100.0%**	212,917	100.0%	10.9%

In the first half of 2024, we generated a revenue of RMB219.9 million from the SaaS model, representing an increase by 10.7% from RMB198.6 million for the first half of 2023. In the same period, we served a total number of 4,136 clients under the SaaS model, decreasing by 0.5% from 4,158 in the first half of 2023.

In the first half of 2024, we generated a revenue of RMB13.9 million from the VPC model, representing an increase by 18.0% from RMB11.8 million for the first half of 2023. In the same period, we served 66 VPC clients, increasing from 50 in the first half of 2023.

Cost of sales

Our cost of sales increased by 3.0% from RMB110.9 million for the six months ended June 30, 2023 to RMB114.2 million for the six months ended June 30, 2024. The increase was mainly driven by revenue growth for the same period which was offset by cost optimization.

Gross profit and gross profit margin

As a result of the foregoing, we recorded (i) a gross profit of RMB102.0 million and RMB121.9 million for the six months ended June 30, 2023 and the six months ended June 30, 2024, respectively, and (ii) a gross profit margin of 47.9% and 51.6% for the six months ended June 30, 2023 and the six months ended June 30, 2024, respectively.

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

	2024		2023	
	RMB'000		*RMB'000*	
	(unaudited)		*(unaudited)*	
Gross profit and gross profit margin:				
SaaS solutions	**113,197**	**51.5%**	94,674	47.7%
VPC solutions	**7,716**	**55.6%**	6,281	53.4%
Other services and product sales	**1,007**	**42.9%**	1,112	44.1%
Total	**121,920**	**51.6%**	102,067	47.9%

Other income and gains

Our other income and gains decreased by 8.0% from a gain of RMB6.4 million for the six months ended June 30, 2023 to a gain of RMB5.9 million for the six months ended June 30, 2024, which primarily represents our interest income.

Selling and distribution expenses

Our selling and distribution expenses increased by 4.1% from RMB50.9 million for the six months ended June 30, 2023 to RMB53.0 million for the six months ended June 30, 2024. The increase was primarily due to an increase in sales staff remuneration.

Administrative expenses

Our administrative expenses increased by 21.1% from RMB14.3 million for the six months ended June 30, 2023 to RMB17.2 million for the six months ended June 30, 2024, primarily due to an increase in employee benefit expenses.

Research and development expenses

Our research and development expenses decreased by 7.0% from RMB42.9 million for the six months ended June 30, 2023 to RMB39.9 million for the six months ended June 30, 2024, primarily attributable to the overall improvement in the Company's research and development efficiency.

Impairment losses on financial assets

Our impairment losses on financial assets increased by 50.0% from RMB2.2 million for the six months ended June 30, 2023 to RMB3.3 million for the six months ended June 30, 2024, due to the increase in the size of accounts receivable.

Other expenses and losses

We recorded other expenses and losses of RMB309 thousand for the six months ended June 30, 2023 and RMB312.2 thousand for the six months ended June 30, 2024, which primarily represent losses on early termination of the lease of our office.

Finance costs

We recorded finance costs of RMB262.6 thousand for the six months ended June 30, 2023 and RMB246.9 thousand for the six months ended June 30, 2024, which represent interest expenses of our lease liabilities.

(Loss)/Profit for the period

As a result of the foregoing, we generated a loss of RMB2.0 million for the six months ended June 30, 2023 and a profit of RMB13.9 million for the six months ended June 30, 2024. The turnaround for the six months ended June 30, 2024 was mainly attributable to the growth in our performance driven by our AI-related products and the improvement in research and development efficiency.

Contract Assets

Our contract assets decreased by 60.0% from RMB4.5 million as of December 31, 2023 to RMB1.8 million as of June 30, 2024. The decrease resulted from the decrease in the ongoing provision of our VPC solutions.

Financial investments

Our financial investments at fair value through profit or loss increased from RMB50.1 million as of December 31, 2023 to RMB60.1 million as of June 30, 2024 and our financial investments at amortised cost increased from RMB0 as of December 31, 2023 to RMB25.3 million as of June 30, 2024, which were primarily due to the purchase of wealth management products.

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.

For the six months ended June 30, 2024, 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 RMB110.2 million as statement of financial position as of June 30, 2024. As of June 30, 2024, 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:

	For the six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Net cash (used in)/generated from operating activities	**(11,589)**	(8,551)
Net cash (used in)/generated from investing activities	**(44,039)**	(64,853)
Net cash (used in)/generated from financing activities	**(3,708)**	(4,302)
Net increase/(decrease) in cash and cash equivalents	**(59,336)**	(77,706)
Cash and cash equivalents at the beginning of the period	**169,472**	188,406
Effects of foreign exchange rate changes, net	**53**	231
Cash and cash equivalents at the end of the period	**110,189**	110,931

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

Net Cash (Used in)/Generated from Operating Activities

For the six months ended June 30, 2024, net cash used in operating activities was RMB11.6 million, which was primarily attributable to our profit before tax of RMB13.9 million, as adjusted by (i) non-cash items, which primarily comprised of depreciation of right-of-use assets of RMB3.7 million, and impairment of financial assets, net of RMB3.3 million, and (ii) changes in working capital, which primarily comprised of an increase in trade receivables of RMB29.7 million, a decrease in contract assets of RMB3.2 million, a decrease in prepayments, other receivables of RMB3.4 million, an increase in trade payables of RMB6.0 million, and a decrease in other payables and accruals of RMB16.6 million.

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

Net Cash (Used in)/Generated from Investing Activities

For the six months ended June 30, 2024, net cash used in investing activities was RMB44.0 million, which was payments of RMB140.0 million for purchases of financial investments at fair value through profit or loss, payments of RMB167.3 million for purchases of time deposits with original maturity over three months, payments of RMB25.0 million for purchases of financial investments at amortised cost, partially offset by proceeds of RMB159.4 million from disposal of non-pledged time deposits with original maturity over three months and proceeds of RMB130.7 million from disposal of financial investments at fair value through profit or loss.

For the six months ended June 30, 2023, net cash used in investing activities was RMB64.9 million, which was primarily attributable to payments of RMB46.9 million for business acquisition, payments of RMB85.0 million for purchases of financial investments at fair value through profit or loss, payments of RMB38.4 million for purchases of time deposits with original maturity over three months, partially offset by proceeds of RMB64.0 million from disposal of non-pledged time deposits with original maturity over three months and proceeds of RMB51.1 million from disposal of financial investments at fair value through profit or loss.

Net Cash (Used in)/Generated from Financing Activities

For the six months ended June 30, 2024, net cash used in financing activities was RMB3.7 million, which was attributable to payments of principal portion of lease payments of RMB3.7 million.

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

Significant Investments Held

The Group did not make or hold any significant investments during the six months ended June 30, 2024.

Future Plans for Material Investments and Capital Assets

Save as disclosed in this announcement and the Prospectus, as of June 30, 2024, we did not have other plans for material investments and capital assets.

Material Acquisitions and/or Disposals of Subsidiaries and Affiliated Companies

We did not have any material acquisitions and/or disposals of subsidiaries and affiliated companies for the Reporting Period.

Employee and Remuneration Policy

The following table sets forth the numbers of our employees categorized by function as of June 30, 2024.

Function	Number of Staff	% of Total
Research and development	229	43.0%
Sales	163	30.6%
Operations	108	20.2%
Management	33	6.2%
Total	**533**	**100%**

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

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

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

On January 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 Grantees**"). 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.

Foreign Exchange Risk

We conduct our businesses mainly in Renminbi ("**RMB**"). Foreign exchange risk arises when future commercial transactions or recognized financial assets and liabilities are denominated in a currency that is not the respective functional currency of our entities. During the six months ended June 30, 2024, 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 June 30, 2024, the Group had no capital commitment.

Contingent Liabilities

As of June 30, 2024, we did not have any material contingent liabilities or guarantees.

Charge of Assets

There was no charge of our Group's assets as of June 30, 2024.

Important events after the end of the Reporting Period

The Company repurchased a total of 115,000 Shares (the "**Repurchase**") from July 16, 2024 to July 26, 2024 at an aggregate consideration of HK$294,434, which represented approximately 0.0661% of the number of issued Shares (excluding treasury shares) as at the date of the 2024 annual general meeting approving the repurchase mandate. Such 115,000 repurchased Shares are held as treasury shares as of the date of this announcement. Details of the Repurchase are as follows:

Month of Repurchase during the Reporting Period and as of the date of this announcement	No. of Shares repurchased	Repurchase consideration per Share		
		Highest price paid *HK$*	**Lowest price paid** *HK$*	**Aggregate consideration Paid** *HK$*
July	115,000	2.73	2.44	294,434
Total	**115,000**	**2.73**	**2.44**	**294,434**

The Company intends to use the treasury shares to resell on the market prices to raise additional funds for the Company, or transfer or use for share grants under share schemes that comply with Chapter 17 of the Listing Rules and for other purposes permitted under the Listing Rules, the articles of association of the Company and the applicable laws of the Cayman Islands, which is subject to market conditions and the Group's capital management needs.

The Board is of the view that the current trading price of the Shares does not reflect their intrinsic value and the Repurchase enhances the value of the Shares, thereby increasing the returns to the Shareholders. In addition, the Board believes that the Repurchase reflects the Company's confidence in its long-term business prospects and the Company's growth potential, which will ultimately benefit the Company and is in the best interests of the Company and the Shareholders as a whole.

Save as disclosed in this announcement, there have been no important events affecting the Company since the end of the Reporting Period and up to the date of this announcement.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	**2024**	2023
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
REVENUE	*5*	**236,150**	212,917
Cost of sales		**(114,230)**	(110,850)
Gross profit		**121,920**	102,067
Other income and gains		**5,967**	6,400
Selling and distribution expenses		**(52,964)**	(50,864)
Administrative expenses		**(17,189)**	(14,257)
Research and development expenses		**(39,878)**	(42,884)
Impairment losses on financial and contract assets, net		**(3,317)**	(2,213)
Other expenses and losses		**(393)**	(309)
Finance costs		**(247)**	(263)
PROFIT/(LOSS) BEFORE TAX	*6*	**13,899**	(2,323)
Income tax credit	*7*	**11**	294
PROFIT/(LOSS) FOR THE PERIOD		**13,910**	(2,029)
EARNINGS/(LOSS) PER SHARE			
Basic (RMB)	*9*	**7.99 cents**	(1.17) cents
Diluted (RMB)	*9*	**7.99 cents**	(1.17) cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2024

	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
PROFIT/(LOSS) FOR THE PERIOD	**13,910**	(2,029)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of a subsidiary not operating in Chinese Mainland	**(795)**	(5,130)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	**1,691**	7,788
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**896**	2,658
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**14,806**	629

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of 30 June 2024

	Notes	**30 June 2024** *RMB'000* **(Unaudited)**	31 December 2023 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**1,796**	2,010
Right-of-use assets		**9,496**	12,000
Financial investments		**3,563**	–
Goodwill		**99,544**	99,544
Other intangible assets		**12,466**	12,813
Prepayments, other receivables and other assets		**2,114**	2,168
Deferred tax assets		**1,408**	1,396
Total non-current assets		**130,387**	129,931
CURRENT ASSETS			
Trade receivables	*11*	**115,836**	89,862
Contract assets		**1,809**	4,464
Contract costs		**8,005**	8,545
Prepayments, other receivables and other assets		**21,460**	24,952
Prepaid tax		**33**	20
Financial investments		**85,452**	50,087
Restricted cash		**200**	670
Time deposits		**137,294**	128,603
Cash and cash equivalents		**110,189**	169,472
Total current assets		**480,278**	476,675
CURRENT LIABILITIES			
Trade payables	*12*	**33,005**	26,957
Contract liabilities		**47,366**	45,844
Other payables and accruals		**32,935**	49,563
Lease liabilities		**6,497**	7,103
Tax payable		**1,241**	1,204
Total current liabilities		**121,044**	130,671
NET CURRENT ASSETS		**359,234**	346,004

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
As of 30 June 2024

	Notes	**30 June 2024** *RMB'000* **(Unaudited)**	31 December 2023 *RMB'000* (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES		**489,621**	475,935
NON-CURRENT LIABILITIES			
Lease liabilities		**2,495**	4,478
Deferred tax liabilities		**979**	1,092
Total non-current liabilities		**3,474**	5,570
Net assets		**486,147**	470,365
EQUITY			
Share capital	*13*	**114**	114
Reserves		**486,033**	470,251
Total equity		**486,147**	470,365

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Share capital *RMB'000*	Share premium account *RMB'000*	Capital reserve *RMB'000*	Share-based payment reserve *RMB'000*	Reserve funds *RMB'000*	Exchange fluctuation reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*
At 1 January 2024 (audited)	114	247,984*	95,790*	3,978*	27,719*	13,213*	81,567*	470,365
Profit for the period (unaudited)	–	–	–	–	–	–	13,910	13,910
Other comprehensive income for the period:								
Exchange differences on translation of the Company and its subsidiaries not operating in Chinese Mainland (unaudited)	–	–	–	–	–	896	–	896
Total comprehensive income for the period (unaudited)	–	–	–	–	–	896	13,910	14,806
Equity-settled share-based payment arrangements (unaudited)	–	–	–	976	–	–	–	976
Transfer from retained profits	–	–	–	–	82	–	(82)	–
At 30 June 2024 (unaudited)	114	247,984*	95,790*	4,954*	27,801*	14,109*	95,395*	486,147

* These reserve accounts comprise the consolidated reserves of RMB486,033,000 (unaudited) in the consolidated statement of financial position as at 30 June 2024 (31 December 2023: RMB470,251,000 (audited)).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2023

	Notes	Share capital *RMB'000*	Share premium account *RMB'000*	Capital reserve *RMB'000*	Share-based payment reserve *RMB'000*	Reserve funds *RMB'000*	Exchange fluctuation reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*
At 1 January 2023 (audited)		114	247,984	95,790	106	27,499	9,653	90,418	471,564
Loss for the period (unaudited)		–	–	–	–	–	–	(2,029)	(2,029)
Other comprehensive income for the period:									
Exchange differences on translation of the Company and its subsidiaries not operating in Chinese Mainland (unaudited)		–	–	–	–	–	2,658	–	2,658
Total comprehensive income for the period (unaudited)		–	–	–	–	–	2,658	(2,029)	629
Equity-settled share-based payment arrangements (unaudited)		–	–	–	2,139	–	–	–	2,139
At 30 June 2023 (unaudited)		114	247,984	95,790	2,245	27,499	12,311	88,389	474,332

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2024

	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	**13,899**	(2,323)
Adjustments for:		
Finance costs	**247**	263
Interest income	**(4,048)**	(3,687)
Investment income	**(965)**	(583)
Fair value gains on financial investments at fair value through profit or loss, net	**(149)**	(175)
Loss on disposal/write-off of property, plant and equipment	**1**	5
Loss/(gain) on early termination of leases	**(44)**	91
Depreciation of property, plant and equipment	**551**	649
Depreciation of right-of-use assets	**3,667**	4,189
Amortisation of other intangible assets	**1,584**	1,487
Impairment of financial assets, net	**3,317**	2,213
Write-off of prepayments	**15**	–
Write-off of other receivables	**228**	–
Equity-settled share-based payment expense	**976**	2,139
	19,279	4,268
Increase in trade receivables	**(29,699)**	(7,140)
Decrease/(increase) in contract assets	**3,245**	(1,789)
Decrease in contract costs	**540**	3,147
Decrease/(increase) in prepayments, other receivables and other assets	**3,353**	(5,204)
Decrease in restricted cash	**470**	–
Increase/(decrease) in trade payables	**6,048**	(1,020)
Increase/(decrease) in contract liabilities	**1,522**	(615)
Increase/(decrease) in other payables and accruals	**(16,628)**	(1,699)
Effect of foreign exchange rate changes, net	**26**	1,274
Cash used in operations	**(11,844)**	(8,778)
Interest received	**592**	–
Interest paid	**(247)**	(263)
Chinese Mainland corporate income tax refunded/(paid)	**(90)**	490
Net cash flows used in operating activities	**(11,589)**	(8,551)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the six months ended 30 June 2024

	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**3,224**	1,428
Purchases of property, plant and equipment	**(338)**	(616)
Proceeds from disposal of property, plant and equipment	**–**	17
Purchases of other intangible assets	**(1,237)**	(708)
Investment in financial investments at fair value through profit or loss	**(3,548)**	–
Business combination	**–**	(46,900)
Placement of time deposits with original maturity over three months	**(167,273)**	(38,408)
Withdrawal of non-pledged time deposits with original maturity over three months	**159,384**	64,006
Purchases of financial investments at fair value through profit or loss	**(140,000)**	(85,000)
Proceeds from disposal/maturity of financial investments at fair value through profit or loss	**130,749**	51,065
Purchases of financial investments at amortised cost	**(25,000)**	(25,000)
Proceeds from disposal of financial investments at amortised cost	**–**	15,263
Net cash flows used in investing activities	**(44,039)**	(64,853)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal portion of lease payments	**(3,708)**	(4,302)
Net cash flows used in financing activities	**(3,708)**	(4,302)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(59,336)**	(77,706)
Cash and cash equivalents at beginning of period	**169,472**	188,406
Effect of foreign exchange rate changes, net	**53**	231
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**110,189**	110,931
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**75,189**	70,931
Short term deposits	**35,000**	40,000
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position and interim condensed consolidated statement of cash flows	**110,189**	110,931

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
30 June 2024

1. CORPORATE INFORMATION

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

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

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

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

Contractual arrangements

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

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

(a) 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. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) 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 Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) 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. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

4. OPERATING SEGMENT INFORMATION

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

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Chinese Mainland	**235,429**	212,885
Hong Kong	**721**	32
	236,150	212,917

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 (31 December 2023: Chinese Mainland (audited)).

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 six months ended 30 June 2024, there was no customer individually accounted for more than 10% of the Group's revenue (30 June 2023: Nil (unaudited)).

5. REVENUE

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
SaaS solutions	**219,922**	198,641
VPC solutions	**13,879**	11,757
Other services and product sales	**2,349**	2,519
	236,150	212,917

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Transfer over time:		
SaaS solutions	**219,922**	198,641
VPC solutions	**3,177**	3,363
Other services and product sales	**2,349**	2,128
	225,448	204,132
Transfer at a point in time:		
VPC solutions	**10,702**	8,394
Other services and product sales	**–**	391
	10,702	8,785
	236,150	212,917

6. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of services provided	**114,230**	110,637
Cost of products sold	**–**	213
Depreciation of property, plant and equipment	**551**	649
Depreciation of right-of-use assets	**3,667**	4,189
Amortisation of other intangible assets	**1,584**	1,487
Impairment of financial and contract assets, net:		
Trade receivables	**3,725**	1,629
Contract assets	**(590)**	503
Financial assets included in prepayments, other receivables and other assets	**182**	81
	3,317	2,213
Write-off of prepayments*	**15**	–
Write-off of other receivables*	**228**	–
Foreign exchange differences, net*	**82**	–

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

7. INCOME TAX

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

Cayman Islands

Pursuant to the relevant rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands (30 June 2023: Nil (unaudited)).

Hong Kong

The Hong Kong profits tax rate is 16.5% during the period. Under the two-tiered profits tax rates regime, the first HK$2,000,000 (30 June 2023: HK$2,000,000 (unaudited)) of assessable profits of the Group's subsidiary incorporated in Hong Kong, TI Cloud (HK) Limited, arising in Hong Kong is subject to a tax rate of 8.25% (30 June 2023: 8.25% (unaudited)). No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (30 June 2023: Nil (unaudited)).

7. **INCOME TAX (continued)**

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 at a rate of 25% on the taxable income (30 June 2023: 25% (unaudited)). During the period, T&I Net Communication was entitled to a preferential tax rate of 15% (30 June 2023: 15% (unaudited)) because it was accredited as a "High and New Technology Enterprise". In addition, the Group's other subsidiaries operating in Chinese Mainland were entitled to a preferential effective tax rate of 5% (30 June 2023: 5% (unaudited)) for the period because they were regarded as "small-scaled minimal profit enterprises" with annual taxable income within RMB3,000,000 (30 June 2023: within RMB3,000,000 (unaudited)) during the period.

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Current tax charged for the period	**114**	51
Deferred tax credited for the period	**(125)**	(345)
Total tax credit for the period	**(11)**	(294)

8. **DIVIDENDS**

There was no dividend purposed, declared or paid by the Company during the six months ended 30 June 2024 (30 June 2023: Nil (unaudited)).

9. **EARNINGS/LOSS PER SHARE**

The calculation of the basic earnings/loss per share amount is based on the profit/loss for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 174,000,400 (2023: 174,000,400 (unaudited)) in issue during the period.

No adjustment has been made to the basic earnings/loss per share amounts presented for the six months ended 30 June 2024 and 2023 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2024 and 2023.

10. **PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30 June 2024, the Group acquired assets at an aggregate cost of RMB338,000 (30 June 2023: RMB701,000 (unaudited)), and disposed of assets with an aggregate net book value of RMB1,000 (30 June 2023: RMB21,000 (unaudited)), resulting in a net loss on disposal of RMB1,000 (30 June 2023: RMB5,000 (unaudited)).

11. TRADE RECEIVABLES

	30 June 2024 *RMB'000* **(Unaudited)**	31 December 2023 *RMB'000* (Audited)
Trade receivables	**132,823**	103,198
Impairment	**(16,987)**	(13,336)
Total	**115,836**	89,862

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

	30 June 2024 *RMB'000* **(Unaudited)**	31 December 2023 *RMB'000* (Audited)
Within 3 months	**74,923**	61,741
4th to 12th months	**38,588**	24,641
13th to 24th months	**2,325**	3,480
Total	**115,836**	89,862

12. TRADE PAYABLES

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

	30 June 2024 *RMB'000* **(Unaudited)**	31 December 2023 *RMB'000* (Audited)
Within 3 months	**22,693**	17,359
4th to 12th months	**4,591**	4,444
13th to 24th months	**3,960**	4,621
Over 24 months	**1,761**	533
Total	**33,005**	26,957

13. SHARE CAPITAL

	30 June 2024		31 December 2023	
	USD'000 **(Unaudited)**	***RMB'000 equivalent*** **(Unaudited)**	*USD'000* (Audited)	*RMB'000 equivalent* (Audited)
Issued and fully paid:				
174,000,400 (31 December 2023: 174,000,400) ordinary shares at USD0.0001 each	**17**	**114**	17	114

14. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Short-term employee benefits	**1,556**	1,392
Post-employment benefits	**122**	153
Total	**1,678**	1,545

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2024	31 December 2023	**30 June 2024**	31 December 2023
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Financial investments at fair value through profit or loss	**63,712**	50,087	**63,712**	50,087
Other receivables and other assets, non-current portion	**1,256**	1,310	**1,195**	1,236
Total	**64,968**	51,397	**64,907**	51,323

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade receivables, trade payables, financial assets included in prepayments, other receivables and other assets, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's senior management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of the reporting period, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the senior management.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group's unlisted investments mainly comprise structured deposits and an unlisted equity investment included in financial investments at fair value through profit or loss. The fair values of structured deposits has been estimated by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks. The fair value of the equity investment at fair value through profit or loss has been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires that directors to determine comparable public companies (peers) based on industry and to calculate an enterprise equity value-to-sales ("EV/Sales") multiple for each comparable companies identified. The multiple is calculated by dividing the enterprise value of the comparable company by the sales amount. The multiple is then discounted for considerations such as illiquidity. The directors believe that the estimated fair values resulting from EV/Sales multiple, which are recorded in the consolidated statement of financial position, and the related changes in fair value, which is recorded in profit or loss, are reasonable and are the most appropriate values.

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

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

Set out below is a summary of significant unobservable inputs to the valuation of the unlisted equity investment together with a quantitative sensitivity analysis as at 30 June 2024 (31 December 2023: Nil (audited)):

	Significant unobservable inputs	**Range/value**	**Increase/ (decrease) in input** *%*	**Increase/ (decrease) in fair value** *RMB'000*
Unlisted equity investment	EV/Sales multiple of peers	8.73-37.9	5	175
			(5)	(175)
	Discount for lack of marketability	30%	5	(78)
			(5)	78

Fair value hierarchy

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

Assets measured at fair value

As at 30 June 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000* **(Unaudited)**	**Significant observable inputs (Level 2)** *RMB'000* **(Unaudited)**	**Significant unobservable inputs (Level 3)** *RMB'000* **(Unaudited)**	**Total** *RMB'000* **(Unaudited)**
Financial investments at fair value through profit or loss	**–**	**60,149**	**3,563**	**63,712**

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000* (Audited)	Significant observable inputs (Level 2) *RMB'000* (Audited)	Significant unobservable inputs (Level 3) *RMB'000* (Audited)	Total *RMB'000* (Audited)
Financial investments at fair value through profit or loss	–	50,087	–	50,087

The Group did not have any financial liabilities measured at fair value as at the end of the Reporting Period (31 December 2023: Nil (audited)).

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (30 June 2023: Nil (unaudited)).

16. EVENTS AFTER THE REPORTING PERIOD

From 16 July 2024 to 26 July 2024, the Company repurchased a total of 115,000 ordinary shares at an aggregate consideration of approximately HK$294,000 of which the repurchase consideration per share ranges from HK$2.44 to HK$2.73.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

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

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

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

The Audit Committee has reviewed the unaudited consolidated interim results of the Group for the six months ended June 30, 2024 with no disagreement and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control system, risk management, financial reporting matters with senior management members.

OTHER BOARD COMMITTEES

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

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

The Company repurchased a total of 115,000 ordinary shares at an aggregate consideration of HK$294,434 from July 16, 2024 to July 26, 2024, for details, please refer to "Important events after the end of the Reporting Period." During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities (including sale of treasury shares) listed on the Stock Exchange.

INTERIM DIVIDEND

The Board did not recommend the distribution of an interim dividend for the six months ended June 30, 2024 (six months ended June 30, 2023: Nil).

USE OF PROCEEDS

With the Shares of the Company listed on the Main Board of the Stock Exchange on June 30, 2022, the net proceeds from the Global Offering (following partial exercise of the Over-allotment Option, as defined in the Prospectus) were approximately HK$255.7 million, after deducting underwriting commissions and offering expenses paid or payable.

Intended use of net proceeds	Allocation of net proceeds *HK$ million*	Percentage of total net proceeds	Amount of net proceeds utilized as of January 1, 2024 *HK$ million*	Amount of net proceeds utilized during the six months ended June 30, 2024 *HK$ million*	Balance of net proceeds unutilized as of June 30, 2024 *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%	60.6	24.7	106.5	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%	31.7	10.0	9.3	Before December 31, 2025
Used for working capital and general corporate purposes	12.8	5%	12.8	–	–	
Total	**255.7**	**100%**	**105.1**	**34.7**	**115.8**	

As of June 30, 2024, the amount of the net proceeds which has remained unutilized amounted to approximately HK$115.8 million. There has been no material change or delay in the intended use of net proceeds as previously disclosed in the Prospectus.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.ti-net.com.cn. The interim report of the Group for the six months ended June 30, 2024 will be published on the aforesaid websites of the Stock Exchange and the Company.

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

Hong Kong, August 29, 2024

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