



天潤雲

TI CLOUD INC .

天潤云股份有限公司

(incorporated in the Cayman Islands with limited liability)

STOCK CODE : 2167



2022

Interim Report

**Making Customer Contact a better Experience
with improved Efficiency**



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BOARD OF DIRECTORS

Executive Directors

Wu Qiang (吳強) (*Chief Executive Officer*) (*Chairman*)

Pan Wei (潘威)

Li Jin (李晉)

An Jingbo (安靜波)

Independent Non-Executive Directors

Weng Yang (翁陽)

Li Pengtao (李鵬濤)

Li Zhiyong (李志勇)

AUDIT COMMITTEE

Li Zhiyong (李志勇) (*Chairperson*)

Li Pengtao (李鵬濤)

Weng Yang (翁陽)

REMUNERATION COMMITTEE

Li Pengtao (李鵬濤) (*Chairperson*)

Li Zhiyong (李志勇)

Wu Qiang (吳強)

NOMINATION COMMITTEE

Wu Qiang (吳強) (*Chairperson*)

Li Pengtao (李鵬濤)

Weng Yang (翁陽)

JOINT COMPANY SECRETARIES

Wang Huan (王歡)

Lui Wing Yat Christopher (呂穎一)

AUTHORIZED REPRESENTATIVES

Wu Qiang (吳強)

Lui Wing Yat Christopher (呂穎一)

AUDITOR

Ernst & Young

*Certified Public Accountants and
Registered Public Interest Entity Auditor*

27/F, One Taikoo Place

979 King's Road, Quarry Bay,

Hong Kong

REGISTERED OFFICE

3-212 Governors Square

23 Lime Tree Bay Avenue

P.O. Box 30746, Seven Mile Beach

Grand Cayman KY1-1203

Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

28-29/F, No.1 Building, 2nd Compound

Ronghua South Road

Beijing Economic and Technological Development Zone

Beijing, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F, Manulife Place

348 Kwun Tong Road

Kowloon, Hong Kong

LEGAL ADVISERS

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>

FINANCIAL HIGHLIGHTS

	Six months ended June 30,		
	2022 RMB in thousands, except percentages (Unaudited)	2021 RMB in thousands, except percentages (Unaudited)	Year-on-year change
Revenue	192,604	208,728	(7.7%)
Revenue (excluding revenue from education industry)	172,523	138,928	24.2%
Gross profit	91,890	95,708	(4.0%)
Gross profit margin	47.7%	45.9%	–
(Loss)/Profit before tax	(3,937)	18,442	(121.3%)
(Loss)/Profit for the period	(3,745)	16,184	(123.1%)
Adjusted net profit (a non-IFRS measure)*	5,758	25,640	(77.5%)

* We define adjusted net profit (a non-IFRS measure) as net profit for the period adjusted by adding back one-off listing expenses as a result of the listing of the Group on the Main Board of the Stock Exchange in June 2022 (being RMB9.5 million for the six months ended June 30, 2022 and RMB9.5 million for the six months ended June 30, 2021). Shareholders and potential investors of the Company should note that the adjusted net profit is not a measure required by, or presented in accordance with, the IFRSs.

BUSINESS REVIEW

During the first half of 2022, facing the multiple waves of pandemic and uncertain macroeconomic environment, we are committed to our mission of “making customer contact a better experience, with improved efficiency,” and concentrated on providing cloud-native, secure and reliable customer contact solutions for our clients. While our financial performance during the first half of 2022 was affected by regulatory changes related to the education industry and the COVID-19 pandemic, our overall operations and financial position are sound and stable.

Looking back at the Reporting Period, our revenue decreased by 7.7% from RMB208.7 million for the six months ended June 30, 2021 to RMB192.6 million for the six months ended June 30, 2022 primarily due to a significant decrease in the revenue from education companies, which was partially offset by an increase in the revenue from clients in other industries. In July 2021, the Chinese government issued the Opinions on Further Alleviating the Burden of Homework and After-School Tutoring for Students in Compulsory Education 《關於進一步減輕義務教育階段學生作業負擔和校外培訓負擔的意見》 (the “Opinion”), which contains high-level policy directives about requirements and restrictions related to, among others, institutions providing after-school tutoring services on academic subjects in China’s compulsory education system. The Opinion, related rules and regulations, and the accompanying enforcement measures had a material adverse impact on the results of operations of a significant number of our clients from the education industry. As a result, our revenue from clients in the education industry decreased significantly since August 2021. The decreasing trend gradually stabilized in the first half of 2022, during which revenue from the education industry accounted for 10.4% of our total revenue. Despite the decrease from the education industry, our revenue from clients in other industries increased by 24.2% from RMB138.9 million for the six months ended June 30, 2021 to RMB172.5 million for the six months ended June 30, 2022.

Technology is at the heart of our solutions. In the first half of 2022, we continued to strengthen our technology leadership and established a regional research and development center in Chengdu. We built a strong research and development team of 253 employees as of June 30, 2022, representing 49.9% of our total workforce, increasing by 28.4% from 197 employees as of June 30, 2021. Our total research and development expenses for the first half of 2022 were RMB36.2 million, representing 18.8% of our total revenue. In the first half of 2022, we rolled out releases approximately on a weekly basis and at the same time achieved 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 36 months.

We have built a broad, high-quality and loyal client base across diverse industries, including technology, insurance, automobile, education, healthcare, banking, manufacturing and logistics, to name a few. In the first half of 2022, we served a total number of 2,658 clients, increasing by 8.4% from 2,453 clients in the first half of 2021. We strive to cultivate long-term relationships with our clients and evaluate our performance using client retention rate (calculated as the percentage of our existing clients in the immediately preceding period who remain our clients in the current period) and dollar-based net retention rate (calculated by (i) first identifying the clients who subscribed to our solutions in both the benchmark period and the period before and (ii) then using the total revenue attributable to the identified clients in the benchmark period as

BUSINESS REVIEW, BUSINESS OVERVIEW AND BUSINESS OUTLOOK

the numerator and the total revenue attributable to the same group of clients in the preceding period as the denominator) on a regular basis. In the first half of 2022, our SaaS client retention rate and dollar-based net retention rate for all SaaS clients was 74.7% and 80.7%, respectively, compared to 76.8% and 113.6% in the first half of 2021. The decreases primarily reflected a significant decrease in the revenue from education companies which were adversely affected by regulations that crack down on after-school tutoring services on academic subjects in China's compulsory education system. In the first half of 2022, our SaaS client retention rate and dollar-based net retention rate for SaaS clients (excluding clients from the education industry) was 75.0% and 107.4%, 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-premise systems, our Intelligent Contact Center Solutions help businesses migrate their contact center functions to the cloud.
- *Agile Agent Solutions.* Our Agile Agent Solutions are designed to facilitate customer contact activities outside physical contact centers, which are unserved by pureplay contact center solutions.
- *ContactBot Solutions.* Our ContactBot Solutions utilize practical AI applications to automate routine and repetitive duties traditionally handled by clients' human agents.

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

- *SaaS model.* Using our cloud-native customer contact services delivered through the SaaS model, our clients can establish their own customer contact functions without any up-front investment in software or hardware. Services delivered through the SaaS model are deployed in public clouds, which allow our clients to flexibly adjust the number of agent seats according to their changing business needs.
- *VPC model.* VPC solutions combine the scalability and convenience of public cloud computing with the data isolation of private cloud computing, thereby affording greater security. We help our clients deploy highly customizable solutions on the cloud computing platform of their choice, leveraging our extensive industry know-how and deep understanding of industry trends.

BUSINESS OUTLOOK

Although the economic recovery is currently facing many risks and challenges, the general growth trend of high-quality SaaS solutions and the cloud-based customer contact solutions industry in China remains unchanged. The short-term challenges we faced during the first half of 2022 have strengthened our confidence to create long-term value for clients and shareholders in changing environments.

Looking ahead to the second half of 2022, we will continue to leverage our existing strengths and carry out the following strategies to capture growing market opportunities and further solidify our market position:

- Maintain our leadership in technology. In particular, further upgrade our system architecture and strengthen our artificial intelligence (“AI”) capabilities;
- Continue to optimize and expand our portfolio of solutions;
- Strategically expand our client base and deepen client relationship;
- Efficiently strengthen our sales and marketing capabilities;
- Explore opportunities in overseas markets; and
- Selectively pursue strategic acquisitions and investments.

FINANCIAL REVIEW

Revenue

Our revenue decreased by 7.7% from RMB208.7 million for the six months ended June 30, 2021 to RMB192.6 million for the six months ended June 30, 2022, primarily due to a significant decrease in the revenue from education companies, which was partially offset by an increase in the revenue from clients in other industries.

Revenue by industry

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

	Six months ended June 30,				
	2022		2021		Year-on-year change
	RMB'000 (unaudited)	Percentage of total	RMB'000 (unaudited)	Percentage of total	
Total revenue (excluding education industry)	172,523	89.6%	138,928	66.6%	24.2%
Revenue from education industry	20,081	10.4%	69,800	33.4%	(71.2%)
Total	192,604	100.0%	208,728	100.0%	(7.7%)

Revenue by businesses

In the first half of 2022, we derived our revenue from providing (i) SaaS solutions, (ii) VPC solutions and (iii) other services and product sales. The following table sets forth a breakdown of our revenue by businesses for the periods indicated.

	Six months ended June 30,				
	2022		2021		Year-on-year change
	RMB'000 (unaudited)	Percentage of total	RMB'000 (unaudited)	Percentage of total	
SaaS solutions	167,670	87.1%	190,478	91.3%	(12.0%)
Intelligent Contact Center Solutions	143,602	74.6%	164,338	78.7%	(12.6%)
Agile Agent Solutions	19,525	10.1%	22,084	10.6%	(11.6%)
ContactBot Solutions	4,543	2.4%	4,056	1.9%	12.0%
VPC solutions	21,761	11.3%	12,819	6.1%	69.8%
Other services and product sales	3,173	1.6%	5,431	2.6%	(41.6%)
Total	192,604	100.0%	208,728	100.0%	(7.7%)

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2022, we generated a revenue of RMB167.7 million from the SaaS model, representing a decrease by 12.0% from RMB190.5 million for the first half of 2021. In the same period, we served a total number of 2,507 clients under the SaaS model, increasing by 14.7% from 2,185 clients in the first half of 2021. In the same period, our SaaS clients on average subscribed for 123,584 agent seats per month, increasing by 17.8% from 104,925 agent seats in the first half of 2021.

In the first half of 2022, we generated a revenue of RMB21.8 million from the VPC model, representing an increase by 69.8% from RMB12.8 million for the first half of 2021. In the same period, we served 20 VPC clients, increasing from 13 clients in the first half of 2021.

Revenue (excluding education industry) by businesses

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

	Six months ended June 30,				
	2022		2021		Year-on-year change
	RMB'000 (unaudited)	Percentage of total	RMB'000 (unaudited)	Percentage of total	
SaaS solutions	147,595	85.6%	121,497	87.5%	21.5%
Intelligent Contact Center Solutions	129,636	75.1%	108,591	78.2%	19.4%
Agile Agent Solutions	13,827	8.0%	9,552	6.9%	44.8%
ContactBot Solutions	4,132	2.4%	3,354	2.4%	23.2%
VPC solutions	21,761	12.6%	12,010	8.6%	81.2%
Other services and product sales	3,167	1.8%	5,421	3.9%	(41.6%)
Total revenue (excluding education industry)	172,523	100.0%	138,928	100.0%	24.2%

Cost of Sales

Our cost of sales decreased by 10.9% from RMB113.0 million for the six months ended June 30, 2021 to RMB100.7 million for the six months ended June 30, 2022. The decrease was partially driven by the decrease of our revenue for the same period, and partially due to the implementation of more effective cost control measures in relation to the major cost items of our SaaS solutions.

Gross Profit and Gross Profit Margin

As a result of the foregoing, we recorded (i) a gross profit of RMB95.7 million and RMB91.9 million for the six months ended June 30, 2021 and the six months ended June 30, 2022, respectively, and (ii) a gross profit margin of 45.9% and 47.7% for the six months ended June 30, 2021 and the six months ended June 30, 2022, respectively. The increase in the gross profit margin was primarily due to the implementation of more effective cost control measures in relation to major cost items of our SaaS solutions.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	2022		2021	
	RMB'000 (unaudited)		RMB'000 (unaudited)	
Gross profit and gross profit margin:				
SaaS solutions	82,382	49.1%	85,165	44.7%
VPC solutions	8,134	37.4%	8,324	64.9%
Other services and product sales	1,374	43.3%	2,219	40.9%
Total	91,890	47.7%	95,708	45.9%

Other Income and Gains

Our other income and gains increased by 22.0% from a gain of RMB3.0 million for the six months ended June 30, 2021 to a gain of RMB3.6 million for the six months ended June 30, 2022, primarily due to an increase in investment income from fair value gains on financial investments at fair value through profit or loss and an increase in bank interest income.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 28.3% from RMB32.0 million for the six months ended June 30, 2021 to RMB41.1 million for the six months ended June 30, 2022. The increase was primarily due to (i) an increase in employee benefit expenses as a result of an increase in sales and marketing staff headcount from 134 as of June 30, 2021 to 144 as of June 30, 2022, and (ii) an increase in promotion and advertising expenses as a result of increased online and offline advertising activities.

Administrative Expenses

Our administrative expenses decreased by 13.6% from RMB22.7 million for the six months ended June 30, 2021 to RMB19.6 million for the six months ended June 30, 2022, primarily due to a decrease in professional service fees.

Research and Development Expenses

Our research and development expenses increased by 62.9% from RMB22.2 million for the six months ended June 30, 2021 to RMB36.2 million for the six months ended June 30, 2022, primarily attributable to an increase in employee benefit expenses as a result of an increase in our research and development headcount from 197 as of June 30, 2021 to 253 as of June 30, 2022.

Impairment Losses on Financial Assets

Our impairment losses on financial assets decreased by 28.6% from RMB3.0 million for the six months ended June 30, 2021 to RMB2.1 million for the six months ended June 30, 2022, primarily attributable to a special provision made against trade receivables from clients in the education industry in 2021.

Other Expenses and Losses

Our other expenses and losses increased by 248.4% from RMB31 thousand for the six months ended June 30, 2021 to RMB108 thousand for the six months ended June 30, 2022, primarily attributable to an increase in net foreign exchange difference.

Finance Costs

Our finance costs increased by 11.4% from RMB299 thousand for the six months ended June 30, 2021 to RMB333 thousand for the six months ended June 30, 2022, primarily attributable to an increase in interest expenses on our bank borrowings.

(Loss)/Profit for the Period

As a result of the foregoing, we generated a profit of RMB16.2 million for the six months ended June 30, 2021 and a loss of RMB3.7 million for the six months ended June 30, 2022. The net loss for the six months ended June 30, 2022 was primarily due to (i) one-off listing expenses as a result of the listing of the Group on the Main Board of the Stock Exchange in June 2022; (ii) an increase in research and development expenses of 62.9% as compared to the same period in the previous year; and (iii) an increase in selling and distribution expenses of 28.3% as compared to the same period in the previous year.

Adjusted Net Profit (a Non-IFRS Measure)

To supplement our interim condensed consolidated financial information that is 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 one-off listing expenses as a result of the listing of the Group on the Main Board of the Stock Exchange in June 2022. However, the presentation of this non-IFRS measure is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with the IFRS.

The adjusted results should not be viewed on a stand-alone basis or as a substitute for results under the IFRS. We recorded an adjusted net profit of RMB5.8 million for the six months ended June 30, 2022, as compared to an adjusted net profit of RMB25.6 million for the six months ended June 30, 2021. The decrease was mainly attributable to the increase in research and development expenses and selling and distribution expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	Six months ended June 30,		
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	Year-on-year change
Reconciliation of net profit and adjusted net profit (Loss)/Profit for the period	(3,745)	16,184	(123.1%)
<i>Add:</i>			
Listing expenses	9,503	9,456	0.5%
Adjusted net profit	5,758	25,640	(77.5%)

Contract Assets

Our contract assets increased by 558.8% from RMB2.2 million as of December 31, 2021 to RMB14.6 million as of June 30, 2022. The increase resulted from the increase in the ongoing provision of our VPC solutions.

Financial Investments at Fair Value through Profit or Loss

Our financial investments at fair value through profit or loss increased by 78.2% from RMB31.2 million as of December 31, 2021 to RMB55.6 million as of June 30, 2022, which was primarily due to our purchase of wealth management products.

Financial Position, Liquidity and Capital Resources

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

Borrowings and Gearing Ratio

As of June 30, 2022, we had no outstanding borrowings.

Gearing ratio was not applicable as the Group recorded net cash as of June 30, 2022. Gearing ratio is calculated by dividing total borrowings and lease liabilities net of cash and cash equivalents by total equity and multiplied by 100%.

For the six months ended June 30, 2022, we funded our cash requirements principally from cash generated from financing activities through the Global Offering and cash generated from operating activities. Our cash and cash equivalents represent cash and bank balances. We had cash and cash equivalents of RMB362.9 million as of June 30, 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	For the Six months ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Net cash (used in)/generated from operating activities	(25,809)	3,429
Net cash (used in)/generated from investing activities	(22,258)	108,324
Net cash (used in)/generated from financing activities	258,382	(42,444)
Net increase in cash and cash equivalents	210,315	69,309
Cash and cash equivalents at the beginning of the period	152,545	32,953
Effects of foreign exchange rate changes, net	49	24
Cash and cash equivalents at the end of the period	362,909	102,286

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

For the six months ended June 30, 2021, net cash generated from operating activities was RMB3.4 million, which was primarily attributable to our profit before income tax of RMB18.4 million, as adjusted by (i) non-cash items, which primarily comprised of depreciation of right-of-use assets of RMB3.0 million, impairment of financial assets of RMB3.0 million, and equity-settled share-based payment expense of RMB1.2 million, and (ii) changes in working capital, which primarily comprised of an increase in trade receivables of RMB25.1 million, an increase in trade payables of RMB10.1 million, an increase in prepayments, other receivables and other assets of RMB3.9 million, and a decrease in other payables and accruals of RMB1.7 million.

Net Cash (Used in)/Generated from Investing Activities

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

For the six months ended June 30, 2021, net cash generated from investing activities was RMB108.3 million, which was primarily attributable to the proceeds of RMB221.2 million from disposal/maturity of financial investments at fair value through profit or loss, which were partially offset by payments of RMB120.0 million for purchase 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, 2022, net cash generated from financing activities was RMB258.4 million, which was primarily attributable to net proceeds of RMB252.1 million from issue of shares and decrease in pledged time deposits for borrowings of RMB21.0 million, partially offset by repayment of borrowings of RMB11.0 million.

For the six months ended June 30, 2021, net cash used in financing activities was RMB42.4 million, which was primarily attributable to dividend of a subsidiary paid to the then shareholders of RMB28.9 million and increase in pledged time deposits for bank borrowings of RMB21.0 million.

Significant Investments Held

During the Reporting Period and up to the date of this interim report, we subscribed for wealth management products and structured deposit products using our surplus cash reserves generated from daily operations. For details, please refer to the announcement of the Company dated September 5, 2022.

Saved as disclosed above, the Group did not make or hold any significant investments during the Reporting Period.

Future Plans for Material Investments and Capital Assets

Save as disclosed in this interim report and the Prospectus, as of June 30, 2022, we did not have other plans for material investments and capital assets.

Material Acquisitions and/or Disposals of Subsidiaries and Affiliated Companies

As of June 30, 2022, we did not have any material acquisitions and/or disposals of subsidiaries and affiliated companies for the six months ended June 30, 2022.

Employee and Remuneration Policy

The following table sets forth the numbers of our employees categorized by function as of June 30, 2022.

Function	Number of Staff	% of Total
Research and development	253	49.9%
Sales	144	28.4%
Operations	77	15.2%
Management	33	6.5%
Total	507	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 have also provided training and career development pathways to employees. Our training and development system covers corporate culture, data privacy, employee rights and responsibilities, job performance, technical skills and safety management.

The Company has also adopted the Share Incentive Plan. For details, please refer “Corporate Governance and Other Information – Share Incentive Plan” of this interim report and the section headed “Statutory and General Information – D. Share Incentive Plan” in Appendix IV to the Prospectus.

The total remuneration expenses, including share-based payments, for the six months ended June 30, 2022 were RMB74.2 million, as opposed to RMB53.8 million for the six months ended June 30, 2021, representing a year-on-year increase of 38.0%.

Foreign Exchange Risk

We conduct our businesses mainly in Renminbi. 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, 2022, exchange gains and losses from foreign currency transactions denominated in a currency other than the functional currency were insignificant. The Board does not expect that the fluctuation of RMB exchange rate and other foreign exchange fluctuations will have a material impact on the business operations of the Group. The Group currently has no hedging policy with respect to foreign exchange risks. Therefore, the Group has not entered into any hedging transactions to manage potential fluctuation in foreign currencies.

Pledge of Assets

As of June 30, 2022, we did not have any charge of assets or pledge of assets.

Capital Commitments

As at 30 June 2022, the Group had no capital commitment.

Contingent Liabilities

As of June 30, 2022, we did not have any material contingent liabilities or guarantees.

Important Events after the End of the Reporting Period

Save as disclosed in this interim report and as of the date of this interim report, there were no important events that might affect the Group since June 30, 2022.

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

As at the date of this interim report, 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
Wu Qiang (吳強)	Interest in controlled corporation; interest jointly held with another person ⁽¹⁾	86,505,000 (L)	49.72%
Pan Wei (潘威)	Interest in controlled corporation; interest jointly held with another person ⁽¹⁾⁽²⁾	86,505,000 (L)	49.72%
Li Jin (李晉)	Interest in controlled corporation; interest jointly held with another person ⁽¹⁾⁽³⁾	86,505,000 (L)	49.72%
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 Qiang. 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	Name of associated corporation	Number of securities held	Approximate percentage of interests
Wu Qiang (吳強)	T&I Net Communication	31,840,284 (L)	61.63%
Li Jin (李晉)	T&I Net Communication	2,883,468 (L)	5.58%
Pan Wei (潘威)	T&I Net Communication	2,618,700 (L)	5.07%
An Jingbo (安靜波)	T&I Net Communication	1,595,748 (L)	3.09%

Note:

- (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 the date of this interim report, 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 at the date of this interim report, as far as known to the Company and Directors, the following persons had the interests or short positions in the Shares and underlying Shares of the Company which were required to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO:

Name of Shareholder	Nature of interest	Number of Shares interested	Approximate percentage of shareholding ⁽³⁾
Xinyun Inc. ⁽¹⁾	Beneficial interest	37,500,000 (L)	21.55%
EastUp Holding Limited ⁽¹⁾	Beneficial interest	22,500,000 (L)	12.93%
Hanyun Inc. ⁽¹⁾	Interest in controlled corporation	60,000,000 (L)	34.48%
Wu Qiang (吳強) ⁽¹⁾	Interest in controlled corporation; interest jointly held with another person	86,505,000 (L)	49.72%
Connect The Unconnected Limited ⁽¹⁾⁽²⁾	Beneficial interest; interest jointly held with another person	86,505,000 (L)	49.72%
Pan Wei (潘威) ⁽²⁾	Interest in controlled corporation; interest jointly held with another person	86,505,000 (L)	49.72%
Flyflux Holding Limited ⁽¹⁾⁽³⁾	Beneficial interest; interest jointly held with another person	86,505,000 (L)	49.72%
An Jingbo (安靜波) ⁽³⁾	Interest in controlled corporation; interest jointly held with another person	86,505,000 (L)	49.72%
Technolo-Jin CO., LTD ⁽¹⁾⁽⁴⁾	Beneficial interest; interest jointly held with another person	86,505,000 (L)	49.72%
Li Jin (李晉) ⁽⁴⁾	Interest in controlled corporation; interest jointly held with another person	86,505,000 (L)	49.72%
Fortune Ascend Holdings Ltd. ⁽⁵⁾	Beneficial interest	17,415,000 (L)	10.01%
Wisdom Extra Limited ⁽⁵⁾	Interest in controlled corporation	17,415,000 (L)	10.01%
Mr. Tian Suning ⁽⁵⁾	Interest in controlled corporation	17,415,000 (L)	10.01%
TI YUN Limited ⁽⁶⁾	Nominee of a trust	26,550,000 (L)	15.26%
Tricor Trust (Hong Kong) Limited ⁽⁶⁾	Trustee	26,550,000 (L)	15.26%
China International Capital Corporation (International) Limited	Interest in controlled corporation	9,596,108 (L) 6,529,400 (S)	5.52% 3.75%
China International Capital Corporation Hong Kong Securities Limited	Underwriter; Beneficial interest	9,596,108 (L) 6,529,400 (S)	5.52% 3.75%
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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

- (2) Connect The Unconnected Limited is a company wholly owned by Mr. Pan. Accordingly, Mr. Pan is deemed to be interested in the number of Shares held by Connect The Unconnected Limited.
- (3) Flyflux Holding Limited is a company wholly owned by Mr. An. Accordingly, Mr. An is deemed to be interested in the number of Shares held by Flyflux Holding Limited.
- (4) Technolo-Jin CO., LTD is a company wholly owned by Mr. Li. Accordingly, Mr. Li is deemed to be interested in the number of Shares held by Technolo-Jin CO., LTD.
- (5) Fortune Ascend Holdings Ltd. is 94% held by Wisdom Extra Limited, which is in turn wholly-owned by Mr. Tian Suning (“**Mr. Tian**”). Accordingly, each of Mr. Tian and Wisdom Extra Limited is deemed to be interested in the total number of Shares held by Fortune Ascend Holdings Ltd..
- (6) TI YUN Limited is a special purpose vehicle established as a nominee to hold in trust for the Shares underlying the Share Incentive Plan, with Tricor Trust (Hong Kong) Limited acting as the trustee. Accordingly, Tricor Trust (Hong Kong) Limited is deemed to be interested in the number of Shares held by TI YUN Limited. TI YUN Limited will not exercise any voting rights in respect of the Shares underlying the share awards.
- (7) (L) denotes a long position in the Shares.
- (8) (S) denotes a short position in the Shares.

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

Name	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 98% by Mr. Tian.

Save as disclosed above, as at the date of this interim report, 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.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

With the Shares listed on the Main Board of the Stock Exchange on June 30, 2022, the net proceeds from the Global Offering were approximately HK\$255.7 million, after deducting underwriting commissions and offering expenses paid or payable. We received an additional net proceeds of approximately HK\$5.0 thousand pursuant to the partial exercise of the over-allotment option as disclosed in the announcement of the Company dated July 24, 2022. There has been no material change or delay in the intended use of net proceeds as previously disclosed in the Prospectus and the Company will gradually utilize the net proceeds in accordance with such intended purposes depending on actual business needs. The Company has not yet utilized the net proceeds as of June 30, 2022. The unutilized net proceeds have been placed as short-term deposits with licensed banks in Hong Kong or Mainland China.

Intended use of net proceeds	Allocation of net proceeds	Percentage of total net proceeds	Amount of net proceeds utilized up to June 30, 2022	Balance of net proceeds unutilized as of June 30, 2022	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	HK\$191.8 million	75%	0	HK\$191.8 million	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	HK\$51.1 million	20%	0	HK\$51.1 million	Before December 31, 2025
Used for working capital and general corporate purposes	HK\$12.8 million	5%	0	HK\$12.8 million	Before December 31, 2025
Total	HK\$255.7 million	100%	0	HK\$255.7 million	

SHARE INCENTIVE PLAN

The Share Incentive Plan was adopted and approved by resolutions in writing by the Board on May 13, 2021. The principal terms of the Share Incentive Plan are summarized in the section headed “Statutory and General Information – D. Share Incentive Plan” in Appendix IV to the Prospectus. The terms of the Share Incentive Plan are not subject to the provisions of Chapter 17 of the Listing Rules.

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.

On May 19, 2021, 26,550,000 Shares were issued to TI YUN Limited as reserve for grant or vesting of awards under the Share Incentive Plan. As of the date of this interim report, an aggregate of 421,080 RSUs and 22,197,018 restricted shares, in respect of 22,618,098 Shares have been granted to 70 eligible participants pursuant to the Share Incentive Plan.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

The 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. Throughout the period from the Listing Date up to June 30, 2022, 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 14 to 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. As the Company was only listed on June 30, 2022, the Company did not hold any Board meetings throughout the period from the Listing Date and up to June 30, 2022.

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 as set out in Appendix 10 to the Listing Rules as the code of conduct regarding the Directors' dealings in the securities of the Company. Having made specific enquiry of all the Directors, all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code for the Reporting Period.

AUDIT COMMITTEE

The Company has established 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 interim condensed consolidated financial information of the Group has been reviewed by the Company's auditor, Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, with no disagreement from the Audit Committee.

The Audit Committee has reviewed the interim condensed consolidated financial information of the Group for the six months ended June 30, 2022 and this interim report, and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control system, risk management, financial reporting matters with senior management members.

OTHER BOARD COMMITTEES

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

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

During the period from the Listing Date up to June 30, 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange.

CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

As of June 30, 2022, the Directors were not aware of any circumstances resulting in the disclosure obligation under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

INTERIM DIVIDENDS

The Board did not recommend the distribution of an interim dividend for the six months ended June 30, 2022. T&I Net Communication, our variable interest entity in the PRC, declared dividends of RMB25,830,000 to its then shareholders in the first half of 2021, which were fully paid in cash in May 2021.

CHANGES IN INFORMATION OF DIRECTORS

The Company is not aware of any changes in the information of Directors which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the Prospectus and up to June 30, 2022.



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

INTRODUCTION

We have reviewed the interim financial information set out on pages 26 to 46, which comprises the condensed consolidated statement of financial position of TI Cloud Inc. (the "Company") and its subsidiaries (the "Group") as at 30 June 2022 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 Interim Financial Reporting ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong
29 August 2022

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended June 30, 2022

	Notes	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
REVENUE	5	192,604	208,728
Cost of sales		(100,714)	(113,020)
Gross profit		91,890	95,708
Other income and gains		3,613	2,961
Selling and distribution expenses		(41,071)	(32,004)
Administrative expenses		(19,592)	(22,684)
Research and development expenses		(36,204)	(22,222)
Impairment losses on financial assets	6	(2,132)	(2,987)
Other expenses and losses		(108)	(31)
Financial costs		(333)	(299)
PROFIT/(LOSS) BEFORE TAX	6	(3,937)	18,442
Income tax credit/(expense)	7	192	(2,258)
PROFIT/(LOSS) FOR THE PERIOD		(3,745)	16,184
EARNINGS/(LOSS) PER SHARE	9		
Basic and diluted (RMB)		(2.49) cents	10.79 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2022

	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
PROFIT/(LOSS) FOR THE PERIOD	(3,745)	16,184
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods		
Exchange differences on translation of the financial statements of the Company	(784)	(12)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	(784)	(12)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	(4,529)	16,172

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2022

	Notes	June 30, 2022 RMB'000 (Unaudited)	December 31, 2021 RMB'000 (Unaudited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	3,139	3,611
Right-of-use assets		10,509	7,781
Other intangible assets		2,678	2,971
Other receivables and other assets		403	–
Deferred tax assets		923	707
Total non-current assets		17,652	15,070
CURRENT ASSETS			
Trade receivables	11	97,990	64,388
Contract assets		14,585	2,214
Prepayments, other receivables and other assets		7,734	12,695
Prepaid tax		36	2,286
Financial investments at fair value through profit or loss		55,640	31,227
Pledged deposits		–	21,293
Cash and cash equivalents		362,909	152,545
Total current assets		538,894	286,648
CURRENT LIABILITIES			
Trade payables	12	30,351	15,740
Contract liabilities		22,737	22,716
Other payables and accruals		27,423	22,862
Interest-bearing bank borrowings		–	10,520
Lease liabilities		6,522	5,281
Tax payable		617	419
Total current liabilities		87,650	77,538
NET CURRENT ASSETS		451,244	209,110
TOTAL ASSETS LESS CURRENT LIABILITIES		468,896	224,180

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2022

	<i>Notes</i>	June 30, 2022 RMB'000 (Unaudited)	December 31, 2021 RMB'000 (Unaudited)
NON-CURRENT LIABILITIES			
Lease liabilities		3,691	2,709
Total non-current liabilities		3,691	2,709
Net assets		465,205	221,471
EQUITY			
Share capital	<i>13</i>	114	98
Reserves		465,091	221,373
Total equity		465,205	221,471

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2022

For the six months ended June 30, 2022

		Share	Share	Share-based	Exchange	Retained	Total		
	Note	capital	premium	Capital	Reserve	fluctuation	profits		
		account	reserve	payment	funds	reserve	profits		
		RMB'000	RMB'000	reserve	RMB'000	RMB'000	RMB'000		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At January 1, 2022 (audited)		98	-	95,790	58	27,324	153	98,048	221,471
Loss for the period (unaudited)		-	-	-	-	-	-	(3,745)	(3,745)
Other comprehensive loss for the period:									
Exchange differences on translation of the financial statements of the Company (unaudited)		-	-	-	-	-	(784)	-	(784)
Total comprehensive loss for the period (unaudited)		-	-	-	-	-	(784)	(3,745)	(4,529)
Issue of shares (unaudited)	13	16	248,222	-	-	-	-	-	248,238
Equity-settled share-based payment arrangements (unaudited)		-	-	-	25	-	-	-	25
At June 30, 2022 (unaudited)		114	248,222*	95,790*	83*	27,324*	(631)*	94,303*	465,205

* These reserve accounts comprise the consolidated reserves of RMB465,091,000 in the consolidated statement of financial position as at June 30, 2022 (December 31, 2021: RMB221,373,000 (audited)).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2022

For the six months ended June 30, 2021

		Share capital	Capital reserve	Share-based payment reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Reserve funds	Exchange fluctuation reserve	Retained profits	Total
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022 (audited)		-	94,618	-	1,851	27,132	-	104,401	228,002
Profit for the period (unaudited)		-	-	-	-	-	-	16,184	16,184
Other comprehensive loss for the period:									
Exchange differences on translation of the financial statements of the Company (unaudited)		-	-	-	-	-	(12)	-	(12)
Total comprehensive income for the period		-	-	-	-	-	(12)	16,184	16,172
Issue of shares (unaudited)	13	98	-	-	-	-	-	-	98
Equity-settled share-based payment arrangements (unaudited)		-	-	1,201	-	-	-	-	1,201
Vesting of share incentives as granted (unaudited)		-	1,172	(1,172)	-	-	-	-	-
Disposal of equity investments designated at fair value through other comprehensive income (unaudited)		-	-	-	(1,851)	-	-	1,851	-
Dividends of a subsidiary declared to the then shareholders (unaudited)	8	-	-	-	-	-	-	(25,830)	(25,830)
At June 30, 2022 (unaudited)		98	95,790	29	-	27,132	(12)	96,606	219,643

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2022

	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	(3,937)	18,442
Adjustments for:		
Finance costs	333	299
Interest income	(567)	(114)
Investment income	(1,199)	(682)
Fair value gains on financial investments at fair value through profit or loss	(413)	(529)
Gain on disposal of equity investments designated at fair value through other comprehensive income	–	(81)
Loss/(gain) on disposal/write-off property, plant and equipment	16	(3)
Gain on early termination of right-of-use assets and lease liabilities	(2)	–
Depreciation of property, plant and equipment	773	910
Depreciation of right-of-use assets	3,220	2,991
Amortisation of other intangible assets	293	269
Impairment of financial assets	2,132	2,987
Equity-settled share-based payment expense	25	1,201
	674	25,690
Increase in trade receivables	(35,498)	(25,136)
Increase in contract assets	(12,607)	(509)
Decrease/(increase) in prepayments, other receivables and other assets	1,710	(3,864)
Increase in trade payables	14,611	10,056
Increase in contract liabilities	21	659
Increase/(decrease) in other payables and accruals	3,552	(1,701)
Effect of foreign exchange rate changes, net	(363)	82
Cash generated from/(used in) operations	(27,900)	5,277
Interest paid	(333)	(299)
Corporate income tax refunded/(paid)	2,424	(1,549)
Net cash flows from/(used in) operating activities	(25,809)	3,429

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2022

	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	860	114
Purchases of property, plant and equipment	(322)	(1,105)
Proceeds from disposal of property, plant and equipment	5	3
Decrease in prepayments for property, plant and equipment	–	347
Purchases of other intangible assets	–	(460)
Proceeds from disposal of equity investments designated at fair value through other comprehensive income	–	8,258
Purchases of financial investments at fair value through profit or loss	(368,000)	(120,000)
Proceeds from disposal/maturity of financial investments at fair value through profit or loss	345,199	221,167
Net cash flows from/(used in) investing activities	(22,258)	108,324
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares, net of share issue expense	252,095	–
Decrease/(increase) in pledged time deposits for borrowings	21,000	(21,000)
New borrowings	–	10,536
Repayment of borrowings	(10,990)	–
Principal portion of lease payments	(3,723)	(3,122)
Dividends of a subsidiary paid to the then shareholders	–	(28,858)
Net cash flows from/(used in) financing activities	258,382	(42,444)
NET INCREASE IN CASH AND CASH EQUIVALENTS	210,315	69,309
Cash and cash equivalents at beginning of period	152,545	32,953
Effect of foreign exchange rate changes, net	49	24
CASH AND CASH EQUIVALENTS AT END OF PERIOD	362,909	102,286
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	362,909	102,286
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position and the statement of cash flows	362,909	102,286

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As of June 30, 2022

1. CORPORATE INFORMATION

TI Cloud Inc. (the “Company”) is an exempted company with limited liability incorporated in the Cayman Islands on March 31, 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 June 30, 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.

2.1 BASIS OF PRESENTATION

In preparation for the initial listing of the shares of the Company on the Main Board of the Stock Exchange, the Company and its subsidiaries now comprising the Group underwent a reorganisation (the “Reorganisation”), pursuant to which the Company became the holding company of the companies now comprising the Group on May 12, 2021. As the Reorganisation mainly involved inserting new holding companies and has not resulted in any change of economic substance, the financial information for the six months ended June 30, 2021 has been presented as a continuation of the existing companies as if the Reorganisation had been completed at January 1, 2021.

The consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the six months ended June 30, 2021 include the results and cash flows of all companies now comprising the Group as if the current group structure had been in existence throughout the six months ended June 30, 2021. No adjustments are made to reflect fair values or recognise any new assets or liabilities as a result of the Reorganisation.

Contractual arrangements

Due to regulatory restrictions on foreign ownership in providing telecommunication services in the People’s Republic of China (the “PRC”), the Group’s business was carried out by Beijing T&I Net Communication Technology Co., Ltd. (“T&I Net Communication”), the investment holding and operating company whose shares were indirectly held by the shareholders of the Company prior to the completion of the Reorganisation, as well as its subsidiaries operating in Mainland China during the period. As part of the Reorganisation, on May 12, 2021, TI Cloud (Beijing) Technology Co., Ltd., a wholly-foreign-owned enterprise indirectly owned by the Company, T&I Net Communication and/or the then shareholders of T&I Net Communication entered into a set of contractual arrangements which enable the Company to exercise effective control over T&I Net Communication and obtain substantially all economic benefits of T&I Net Communication. Accordingly, T&I Net Communication has since been effectively controlled by the Company based on the aforementioned contractual arrangements notwithstanding that the Company does not have any direct or indirect equity interest in T&I Net Communication.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As of June 30, 2022

2.2 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended June 30, 2022 has been prepared in accordance with 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 accountants' report for the year ended December 31, 2021.

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.

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 accountants' report for the year ended December 31, 2021, 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 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to IFRSs 2018-2020</i>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

The nature and impact of the revised IFRSs are described below:

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As of June 30, 2022

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

- (b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after January 1, 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after January 1, 2021, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at January 1, 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) *Annual Improvements to IFRSs 2018-2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:
- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after January 1, 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
 - IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As of June 30, 2022

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

All of the Group's revenue derived from customers were located in Mainland China during the period (June 30, 2021: All (unaudited)).

(b) Non-current assets

All of the Group's non-current assets were located in Mainland China as at the end of the reporting period (December 31, 2021: All (audited)).

Information about major customers

During the six months ended June 30, 2022, there was no customer individually accounted for more than 10% of the Group's revenue (June 30, 2021: there was one customer with revenue of approximately RMB22,542,000 (unaudited) individually accounted for more than 10% of the Group's revenue (unaudited)).

5. REVENUE

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

	Six months ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
SaaS solutions	167,670	190,478
VPC solutions	21,761	12,819
Other services and product sales	3,173	5,431
	192,604	208,728

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As of June 30, 2022

5. REVENUE (continued)

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

	Six months ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Transfer over time:		
SaaS solutions	167,670	190,478
VPC solutions	20,301	6,539
Other services and product sales	2,613	2,973
	190,584	199,990
Transfer at a point in time:		
VPC solutions	1,460	6,280
Other services and product sales	560	2,458
	2,020	8,738
	192,604	208,728

6. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Cost of services provided	100,271	111,425
Cost of products sold	443	1,595
Impairment of financial assets:		
Impairment of trade receivables	1,896	2,602
Impairment of contract assets	236	388
Impairment of financial assets included in prepayments, other receivables and other assets	–	77
	2,132	2,987
Foreign exchange differences, net	85	–

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As of June 30, 2022

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 (June 30, 2021: Nil (unaudited)).

Hong Kong

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 (June 30, 2021: Nil (unaudited)). The Hong Kong profits tax rate during the period was 16.5% (June 30, 2021: 16.5% (unaudited)).

Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the entities which operate in Mainland China are subject to corporate income tax at a rate of 25% on the taxable income (June 30, 2021: 25% (unaudited)). During the period, T&I Net Communication was entitled to a preferential tax rate of 15% (June 30, 2021: 15% (unaudited)) because it was accredited as a "High and New Technology Enterprise". In addition, the Group's other subsidiaries operating in Mainland China were entitled to a preferential effective tax rate of 2.5% for the period (June 30, 2021: 2.5% (unaudited)) because they were regarded as "small-scaled minimal profit enterprises" with annual taxable income no more than RMB1,000,000 during the period.

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax charged for the period	24	2,426
Deferred tax credited for the period	(216)	(168)
	(192)	2,258

8. DIVIDENDS

There was no dividend declared by the Group during the six months ended June 30, 2022. During the six months ended June 30, 2021, an interim dividend of RMB0.5 per ordinary share with an aggregate amount of RMB25,830,000 (unaudited) was declared by T&I Net Communication to its shareholders prior to the completion of the Reorganisation.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As of June 30, 2022

9. EARNINGS/(LOSS) PER SHARE

The calculation of the basic loss per share amount for the six months ended June 30, 2022 is based on the loss for the six months ended June 30, 2022 attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 150,132,597 in issue during the six months ended June 30, 2022.

The calculation of the basic earnings per share amount for the six months ended June 30, 2021 is based on the profit for the six months June 30, 2021 attributable to ordinary equity holders of the Company, and the number of ordinary shares of 150,000,000 in issue, which is determined based on the assumption that the Reorganisation as detailed in note 2.1 to the interim condensed consolidated financial information has been effective from January 1, 2021.

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the six months ended June 30, 2022 and 2021 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the six months ended June 30, 2022 and 2021.

The calculation of basic and diluted earnings/(loss) per share are based on:

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the Company	(3,745)	16,184

	Number of shares	
	For the Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period	150,132,597	150,000,000

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2022, the Group acquired assets at an aggregate cost of RMB322,000 (June 30, 2021: RMB1,105,000 (unaudited)), and disposed of assets with an aggregate net book value of RMB21,000 (June 30, 2021: Nil), resulting in a net loss on disposal of RMB16,000 (June 30, 2021: net gain on disposal of RMB3,000 (unaudited)).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As of June 30, 2022

11. TRADE RECEIVABLES

	June 30, 2022 RMB'000 (Unaudited)	December 31, 2021 RMB'000 (Audited)
Trade receivables	104,879	69,381
Impairment	(6,889)	(4,993)
	97,990	64,388

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

	June 30, 2022 RMB'000 (Unaudited)	December 31, 2021 RMB'000 (Audited)
Within 3 months	63,137	49,353
4 to 12 months	32,798	13,955
1 to 2 years	2,055	1,080
	97,990	64,388

12. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the billing date and/or service render date, is as follows:

	June 30, 2022 RMB'000 (Unaudited)	December 31, 2021 RMB'000 (Audited)
Within 3 months	20,472	15,048
4 to 12 months	9,583	460
1 to 2 years	127	232
Over 2 years	169	–
	30,351	15,740

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As of June 30, 2022

13. SHARE CAPITAL

	June 30, 2022		December 31, 2021	
	USD'000 (Unaudited)	RMB'000 equivalent (Unaudited)	USD'000 (Audited)	RMB'000 equivalent (Audited)
Issued and fully paid: 174,000,000 (December 31, 2021: 150,000,000) ordinary shares at USD0.0001 each	17	114	15	98

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

	Number of shares in issue	Share capital		Share premium account RMB'000	Total RMB'000
		USD'000	RMB'000		
Issue of shares at:					
March 31, 2021 (date of incorporation) (note a)	123,450,000	12	81	–	81
May 19, 2021 (note a)	26,550,000	3	17	–	17
At December 31, 2021 and January 1, 2022 (audited)	150,000,000	15	98	–	98
Issue of shares at June 30, 2022 (note b) (unaudited)	24,000,000	2	16	263,728	263,744
Share issue expenses (unaudited)	–	–	–	(15,506)	(15,506)
At June 30, 2022 (unaudited)	174,000,000	17	114	248,222	248,336

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As of June 30, 2022

13. SHARE CAPITAL (continued)

Notes:

- (a) The Company was incorporated in the Cayman Islands on March 31, 2021 with an authorised share capital of USD50,000 divided into 500,000,000 ordinary shares with a par value of USD0.0001 each.

At the date of incorporation, on March 31, 2021, the Company allotted and issued 123,450,000 ordinary shares at USD0.0001 each for an aggregate cash consideration of USD12,345 (equivalent to approximately RMB81,000), credited as fully paid, to entities owned by the directors, which were also the then beneficial shareholders, of T&I Net Communication as well as to a shareholder of T&I Net Communication in proportion to their relative effective equity interest in T&I Net Communication. On May 19, 2021, the Company allotted and issued 26,550,000 ordinary shares at USD0.0001 each for an aggregate consideration of USD2,655 (equivalent to approximately RMB17,000), credited as fully paid, to TI YUN Limited, a company incorporated in the British Virgin Islands and established as a nominee to hold in trust for the ordinary shares of the Company underlying the share incentive plan of the Company. Upon completion of the above share allotments, the effective equity interest of the Company, as represented by the number of ordinary shares of the Company, held by individual shareholders is identical to or no more than the effective equity interest of T&I Net Communication held by the respective shareholder prior to the commencement of the Reorganisation, and the Company effectively exchanged all of the ordinary shares held by each of the shareholders of T&I Net Communication into the ordinary shares of the Company.

- (b) On June 30, 2022, the Company issued 24,000,000 ordinary shares in its initial public offering at HK\$12.85 per share for a total cash consideration, before expenses, of HK\$308,400,000 (equivalent at approximately RMB263,744,000).

14. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group

	Six months ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Short-term employee benefits	2,091	1,244
Post-employment benefits	136	119
	2,227	1,363

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As of June 30, 2022

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	
	June 30, 2022 RMB'000 (Unaudited)	December 31, 2021 RMB'000 (Audited)	June 30, 2022 RMB'000 (Unaudited)	December 31, 2021 RMB'000 (Audited)
Financial assets:				
Financial investments at fair value through profit or loss	55,640	31,227	55,640	31,227

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

The Group's senior management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At 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 funds. The Group has estimated the fair value of structured deposits by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks, and the fair value of funds by using their respective unadjusted quoted prices in active markets.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As of June 30, 2022

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

Fair value hierarchy

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

Assets measured at fair value

As at June 30, 2022

	Fair value measurement using			Total RMB'000 (Unaudited)
	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)	
Financial investments at fair value through profit or loss	25,527	30,113	–	55,640

As at December 31, 2021

	Fair value measurement using			Total RMB'000 (Audited)
	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)	
Financial investments at fair value through profit or loss	31,227	–	–	31,227

The Group did not have any financial liabilities measured at fair value as at the end of the reporting period (December 31, 2021: 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 (June 30, 2021: Nil (unaudited)).



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As of June 30, 2022

16. EVENTS AFTER THE REPORTING PERIOD

On July 27, 2022, the Company allotted and issued 400 additional shares at the offer price of the Company's initial public offering as a result of the partial exercise of the over-allotment option by the joint global coordinators.

“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
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Company
“Beijing Tianchuang Chuangrun”	Beijing Tianchuang Chuangrun Investment Center (Limited Partnership) (北京天創創潤投資中心(有限合夥)), a limited partnership established under the laws of the PRC on June 1, 2015
“Beijing Tiandi Rongchuang”	Beijing Tiandi Rongchuang Venture Capital Co., Ltd. (北京天地融創創業投資有限公司), a limited company incorporated under the laws of the PRC on February 21, 2006, being the general partner of Beijing Tianchuang Chuangrun
“Beijing Yunhao”	Beijing Yunhao Investment Center (Limited Partnership) (北京雲昊投資中心(有限合夥)), a limited partnership established under the laws of the PRC on May 12, 2015
“Beijing Yunhao Industrial Investment Consulting”	Beijing Yunhao Industrial Investment Consulting Co., Ltd. (北京雲昊興業投資顧問有限公司), a limited Company established under the laws of the PRC on June 1, 2015, being the general partner of Beijing Yunhao, Beijing Yunjing and Beijing Yunyu
“Beijing Yunjing”	Beijing Yunjing Industrial Investment Center (Limited Partnership) (北京雲景興業投資中心(有限合夥)), a limited partnership established under the laws of the PRC on May 12, 2015
“Beijing Yunyu”	Beijing Yunyu Consulting Management Center (Limited Partnership) (北京雲昱諮詢管理中心(有限合夥)), a limited partnership established under the laws of the PRC on November 24, 2020
“Board”	the board of directors of our Company
“China”, or “PRC”	the People’s Republic of China, except where the context requires otherwise and only for the purposes of this interim report, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Company”, “our Company”, or “the Company”	TI Cloud Inc. (天潤云股份有限公司), 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)

DEFINITIONS

“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“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
“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 14 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
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong dollars” or “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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 of the Stock Exchange
“Listing Date”	June 30, 2022, the date on which the Shares are listed and on which dealings in the Shares are first permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
“Mr. Wu” or “Mr. WU Qiang”	Mr. WU Qiang (吳強), an executive Director, Chairman of the Board, our Chief Executive Officer and one of our Controlling Shareholders
“Prospectus”	the prospectus of the Company dated June 21, 2022
“Reorganization”	the corporate restructuring of the Group in preparation for the Listing, as described in the section headed “History, Reorganization and Corporate Structure” in the Prospectus
“Reporting Period”	the six months ended June 30, 2022
“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
“SaaS”	Software as a Service, a cloud-based software licensing and delivery model in which software and associated data are centrally hosted
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital our Company with a nominal value of US\$0.0001 each
“Shareholder(s)”	holder(s) of our Share(s)
“Share Incentive Plan”	the share incentive plan of our Company adopted by the Board on May 13, 2021, the principal terms of which are set out in the section headed “Statutory and General Information – D. Share Incentive Plan” in Appendix IV to the Prospectus
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance

DEFINITIONS

“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“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
“VPC”	as a special category of public cloud, is an isolated cloud hosted within a public cloud environment and accessed exclusively by one user
“%”	per cent