天潤雲

天润云股份有限公司
TI CLOUD INC.

(incorporated in the Cayman Islands with limited liability)
Stock Code: 2167

2024 ANNUAL REPORT

Empowering Technology Achieving Client Success

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Wu Qiang (吳強) *(Chief Executive Officer) (Chairman)*
Pan Wei (潘威)
Li Jin (李晉)
An Jingbo (安靜波) *(resigned on March 28, 2025 with immediate effect)*

Independent Non-Executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

ESG COMMITTEE

Wu Qiang (吳強) *(Chairman)*
Pan Wei (潘威)
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

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George Town, P.O. Box 52A Edgewater Way, #1653
Grand Cayman KY1-9006
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Beijing Economic and
Technological Development Zone
Beijing, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1918, 19/F
Lee Garden One, 33 Hysan Avenue
Causeway Bay, Hong Kong

LEGAL ADVISORS

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8 Connaught Place, Central
Hong Kong

As to PRC law
Commerce & Finance Law Offices
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No. 1 Jianguomenwai Avenue
Beijing, PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Palm Grove Unit 4, 265 Smith Road
George Town, P.O. Box 52A Edgewater Way, #1653
Grand Cayman KY1-9006
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

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

PRINCIPAL BANKS

Bank of China (Hong Kong) Limited
China Merchants Bank Co., Ltd.

STOCK CODE

2167

COMPANY WEBSITE

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

SIX-YEAR FINANCIAL SUMMARY

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

	Year ended December 31,					
	2024	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**506,355**	446,846	383,244	401,897	353,744	334,813
Gross profit	**262,396**	214,776	184,943	182,703	175,439	155,883
Gross profit margin	**51.8%**	48.1%	48.3%	45.5%	49.6%	46.6%
Profit/(Loss) before tax	**35,393**	(9,036)	(7,772)	18,486	78,655	65,496
Profit/(Loss) for the year	**34,000**	(8,631)	(7,511)	17,874	70,114	59,057
Adjusted net profit (a non-IFRS measure)[2]	**N/A**	(2,354)	3,982	37,402	70,167	59,145

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION[1]

	As of December 31,					
	2024	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS						
Non-current assets	**159,677**	129,931	70,290	15,126	28,891	30,020
Current assets	**485,421**	476,675	498,766	286,648	266,601	231,625
Total assets	**645,098**	606,606	569,056	301,774	295,492	261,645
EQUITY						
Equity attributable to owners of the Company	**507,453**	470,365	471,564	221,527	228,055	187,484
Total equity	**507,453**	470,365	471,564	221,527	228,055	187,484
LIABILITIES						
Non-current liabilities	**2,882**	5,570	3,425	2,709	8,286	10,308
Current liabilities	**134,763**	130,671	94,067	77,538	59,151	63,853
Total liabilities	**137,645**	136,241	97,492	80,247	67,437	74,161
Total equity and liabilities	**645,098**	606,606	569,056	301,774	295,492	261,645

Notes:

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

(2) We define adjusted net profit (a non-IFRS measure) as net profit for the period adjusted by adding back share-based compensation, amortization of intangible assets in relation to acquisition and one-off listing expenses as a result of the listing of the Group on the Main Board of the Stock Exchange in June 2022 (being RMB6.3 million for the year ended December 31, 2023 and RMB11.4 million for the year ended December 31, 2022, respectively). Shareholders and potential investors of the Company should note that the adjusted net profit is not a measure required by, or presented in accordance with, the International Financial Reporting Standards (the "**IFRSs**"). The Company decided not to disclose adjusted net profit for the year ended December 31, 2024.

BUSINESS REVIEW

Looking back at the Reporting Period, we continued to face uncertainties in customers' IT budgets and prolonged decision-making timelines, due to the macroeconomic challenges. These challenges have increased the difficulty of acquiring new clients and adversely affected the additional purchases from our existing customers. However, we have observed some positive developments: AI has accelerated our customer engagement and product innovation. It has also led to customers' recognition of our high-quality services and the rapid iteration of our products. These reaffirm the effectiveness of our "AI-First, Operations as the Core" strategy. Our revenue increased by 13.3% from RMB446.8 million in 2023 to RMB506.4 million in 2024, and our gross profit increased by 22.2% from RMB214.8 million in 2023 to RMB262.4 million in 2024, primarily due to the increase in revenue generated from SaaS solutions, rapid expansion of our AI-related products portfolio.

As a life-cycle AI-driven cloud platform for customer contact solutions, we independently developed and achieved the deep integration of "AI, Cloud and Communication" technologies. The technological revolution of artificial intelligence generated content ("**AIGC**") has brought new development opportunities for customer contact industry. In 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 2024, we further refined our overall AI solutions and launched Weiteng AI Agent Platform (微藤AI智能體平台) ("**Weiteng AI**"). In addition, our Weiteng AI has integrated multiple foundational large models, including Tongyi Qianwen, Doubao, Wenxin Yiyan, Kimi, DeepSeek, and ChatGPT (for overseas markets), enabling us to provide customers with diverse and flexible solutions. Specifically, by integrating the DeepSeek large model into our products and leveraging its reasoning and empathy capabilities, we have significantly enhanced customer service efficiency and satisfaction. Moreover, Weiteng AI is capable of seamlessly switching its underlying engine, which allows it to leverage the latest, most advanced, and highest-performing models. 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 2024, we served a total number of 4,558 SaaS clients, decreasing by 2.5% from 4,675 in 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 2024, our SaaS client retention rate and dollar-based net retention rate for all SaaS clients was 77.9% and 111.2%, respectively, compared to 74.8% and 104.4% in 2023.

Technology is at the heart of our solutions. In 2024, we continued to strengthen our technology leadership through product and technology innovation. In 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 66 months.

BUSINESS OVERVIEW

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

Our cloud-based solutions, developed in-house by our research and development team, primarily deliver with large capacity and high availability in Software as a Service (SaaS) model and Virtual Private Cloud (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-make customer contact functionalities in virtual private clouds for our VPC clients. VPC model is project-based and the fee for each contract varies significantly depending on the requirements specification and level of customization needed.

Other Services and Product Sales

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

Our Offerings

We offer two types of customer contact solutions to empower our clients in a variety of business scenarios, namely Intelligent Customer Contact Solutions and AI ContactBot Solutions.

Intelligent Customer Contact Solutions (智能客戶聯絡解決方案)

Intelligent Customer Contact Solution combines our previous offerings: Intelligent Contact Center Solutions and Agile Agent Solutions. Designed to empower human agents, our Intelligent Customer Contact Solutions enable contact center agents engaged by our clients and other employees such as car salespersons, retail store assistants and after-school program tutors, to efficiently interact their customers anytime and anywhere. We support human agents with intelligent tools and functions to enhance both the efficiency and effectiveness of customer interactions. Our Intelligent Customer Contact 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 Customer Contact Solutions by conducting AI native transformation through Weiteng LLMP across multiple products including omni-channel customer service, call center, and smart work orders. Specifically, empowered by AI capabilities, we have enhanced efficiency through human-machine collaboration (“**copilot**”) by:

(i) Intelligently extracting conversation records with customers during interactions and automatically generating business records to improve communication efficiency;

(ii) Optimizing preliminary responses with one click via Weiteng LLMP, ensuring agents communicate more professionally and effectively;

(iii) Monitoring and identifying customer emotions in real time, enabling agents to adjust communication strategies accordingly to enhance service quality;

(iv) Automatically analyzing conversation intent to facilitate the search for and provision of relevant recommended responses, ensuring agents address customer queries promptly; and

(v) Rapidly generating conversation summaries after calls and intelligently integrating them into business records or work orders to streamline follow-ups.

AI ContactBot Solutions

Our AI 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 AI 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 AI ContactBot ("**TextBot**"), empowered by advanced machine learning techniques including large language models, is capable of accurately recognizing user intent and understanding context, which delivers a personalized customer experience. Our voice-based AI ContactBot ("**VoiceBot**") is designed to engage in multi-round dialogues with human-like voice and can guide the conversation and answer customers' questions fluently. Additionally, by leveraging on large-language models, our intelligent Quality Assurance Bot provides in depth data insights based on conversation analysis.

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

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

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

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

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

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

- Data Analysis: analyze customer expressions in both real-time and historical conversations, to extract customer insights, assess the speaking skills of agents and automatically identify effective communication techniques from successful conversations, and conduct text clustering and refining analysis to identify customer issues.

- In 2024, we launched a technical solution of "Large Language Model Gateway + Intelligent Agent Platform," with an aim to assist our customers in utilizing the most suitable large language models tailored to various business scenarios. Specifically, we sorted out and generalized the customer contact scenarios within our target customer groups. On the Weiteng AI, we package common customer service scenarios and their required functions into intelligent agents ("**AI Agents**") with specialized capabilities. Our corporate customers can effortlessly configure these AI Agents through simple "drag-and-drop" operations, allowing them to efficiently build a complete workflow. Additionally, our customers can customize the prompts and parameters of the AI Agents to meet their specific business needs, enabling personalized debugging. Meanwhile, our AI ContactBot supports seamless switching among various underlying large language models with just one click, enabling our customers to swiftly select the most suitable model for diverse business scenarios, which significantly enhances the flexibility and convenience of model application.

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, our AI 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 2025, 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 2023 and 2024, 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 LLMP uses enterprise knowledge management as a breakthrough. It empowers the intelligence of various processes such as marketing, sales, and services by solidifying the knowledge base of enterprises. In particular, Weiteng LLMP provides efficient assistance to the entire process of customer contact, enabling "human-machine integration" to enhance productivity through business scenarios such as customer service reception, conversation analysis and extraction, and automatic form filling. At the same time, Weiteng LLMP can allow businesses to understand customer needs and expectations more accurately through in-depth analysis and insight into a large volume of data. This helps clients optimize their marketing strategies, product design, and customer service and drive rapid business growth with knowledge.

FINANCIAL REVIEW

Revenue

Our revenue increased by 13.3% from RMB446.8 million in 2023 to RMB506.4 million in 2024, primarily due to an increase in revenue generated from SaaS solutions of RMB61.0 million, partially offset by a decrease in revenue generated from other services and product sales of RMB1.3 million.

Revenue by businesses

In 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.

	For the Year Ended December 31,				
	2024		2023		
	RMB'000	Percentage of total	RMB'000	Percentage of total	Year-on-Year change
SaaS solutions	474,428	93.7%	413,419	92.5%	14.8%
Intelligent Customer Contact Solutions	448,523	88.6%	398,400	89.1%	12.6%
AI ContactBot Solutions	25,905	5.1%	15,019	3.4%	72.5%
VPC solutions	27,568	5.4%	27,755	6.2%	-0.7%
Other services and product sales	4,359	0.9%	5,672	1.3%	-23.2%
Total	506,355	100.0%	446,846	100.0%	13.3%

In 2024, we generated a revenue of RMB474.4 million from the SaaS model, representing an increase by 14.8% from RMB413.4 million in 2023. In the same period, we served a total number of 4,558 clients under the SaaS model, decreasing by 2.5% from 4,675 in 2023.

In 2024, we generated a revenue of RMB27.6 million from the VPC model, representing a slight decrease from RMB27.8 million in 2023. In the same period, we served 91 VPC clients, increasing from 89 in 2023.

Cost of sales

Our cost of sales increased by 5.1% from RMB232.1 million in 2023 to RMB244.0 million in 2024. The increase was mainly driven by the increase of our revenue for the same period.

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

	For the Year Ended December 31,				
	2024		2023		
	RMB'000	Percentage of total	RMB'000	Percentage of total	Year-on-Year change
Cost of Sales:					
Cost of services provided	**243,758**	**99.9%**	231,252	99.6%	5.4%
Telecommunication infrastructure expenses	**213,615**	**87.5%**	196,864	84.7%	8.5%
Cloud infrastructure expenses	**13,100**	**5.4%**	16,433	7.1%	-20.3%
Internet data center lease expenses	**3,497**	**1.4%**	3,722	1.6%	-6.0%
Depreciation expenses	**128**	**0.1%**	203	0.1%	-36.9%
Employee benefit expenses	**10,110**	**4.1%**	8,301	3.6%	21.8%
Subcontract fee	**2,892**	**1.2%**	5,601	2.4%	-48.4%
Others	**416**	**0.2%**	128	0.1%	224.2%
Cost of products sold	**201**	**0.1%**	818	0.4%	-75.4%
Total	**243,959**	**100.0%**	232,070	100%	5.1%

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

	For the Year Ended December 31,				
	2024		2023		
	RMB'000	Percentage of total	RMB'000	Percentage of total	Year-on-Year change
Cost of Sales:					
SaaS solutions	**227,977**	**45.0%**	214,783	48.1 %	6.1%
VPC solutions	**13,418**	**2.6%**	14,030	3.1%	-4.4%
Other services and product sales	**2,564**	**0.5%**	3,257	0.7%	-21.3%
Total	**243,959**	**48.2%**	232,070	51.9%	5.1%

Gross profit and gross profit margin

As a result of the foregoing, we recorded (i) a gross profit of RMB214.8 million and RMB262.4 million in 2023 and 2024, respectively, and (ii) a gross profit margin of 48.1% and 51.8% in 2023 and 2024, respectively. The increase in the gross profit margin was primarily due to the implementation of more effective cost control measures in relation to the major cost items of our SaaS solutions, and the increase of revenue generated from AI related products with higher gross profit margin.

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

	For the Year Ended December 31,			
	2024		2023	
	Gross profit RMB'000	Gross profit margin	Gross profit RMB'000	Gross profit margin
Gross profit and gross profit margin:				
SaaS solutions	**246,451**	**51.9%**	198,636	48.0%
VPC solutions	**14,150**	**51.3%**	13,725	49.5%
Other services and product sales	**1,795**	**41.2%**	2,415	42.6%
Total	**262,396**	**51.8%**	214,776	48.1%

Other income and gains

Our other income and gains decreased by 24.9% from RMB15.7 million in 2023 to RMB11.8 million in 2024, primarily due to a decrease in government grants.

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

	For the Year Ended December 31,			
	2024		2023	
	RMB'000	Percentage of total	RMB'000	Percentage of total
Other Income:				
Bank interest income	8,126	68.7%	7,464	47.4%
Investment income from financial investments at amortised cost	485	4.1%	562	3.6%
Investment income from financial investments at fair value through profit or loss	1.298	11.0%	1,102	7.0%
Government grant	1,793	15.1%	5,939	37.7%
Others	42	0.4%	–	–
Gains:				
Fair value gains on financial investments at fair value through profit or loss	0	0.0%	87	0.6%
Foreign exchange gains, net	0	0.0%	588	3.7%
Gain on early termination of leases	84	0.7%	–	–
Total	11,828	100.0%	15,742	100.0%

Selling and distribution expenses

Our selling and distribution expenses increased by 1.2% from RMB110.1 million in 2023 to RMB111.4 million in 2024, mainly due to the increase in sales commissions.

Administrative expenses

Our administrative expenses increased by 26.4% from RMB30.7 million in 2023 to RMB38.8 million in 2024, mainly due to an increase in employee compensation.

Research and development expenses

Our research and development expenses decreased by 10.4% from RMB91.8 million in 2023 to RMB82.3 million in 2024, mainly due to the effective optimization of our R&D process which improved our R&D efficiency and productivity.

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

	For the Year Ended December 31,			
	2024		2023	
	RMB'000	**Percentage of total**	RMB'000	Percentage of total
Research and Development Expenses:				
Employee benefit expenses	**75,662**	**92.0%**	83,971	91.5%
Depreciation of property, plant and equipment	**274**	**0.3%**	492	0.5%
Amortisation of intangible assets	**1,562**	**1.9%**	1,530	1.7%
Others	**4,766**	**5.8%**	5,801	6.3%
Total	**82,264**	**100.0%**	91,794	100.0%

Impairment losses on financial assets

Our impairment losses on financial assets decreased by 18.5% from RMB5.7 million in 2023 to RMB4.6 million in 2024, due to a decrease in the provision for bad debts related to our other receivables and contract assets.

Other expenses and losses

We recorded other expenses and losses of RMB1,203 thousand in 2024 and RMB726 thousand in 2023, mainly due to an increase in foreign exchange losses.

Finance cost

Our finance costs represent interest expenses on our lease liabilities and bank borrowings. Our finance costs amounted to RMB504 thousand and RMB469 thousand in 2023 and 2024, respectively.

Profit/(Loss) for the year

As a result of the foregoing, we generated a loss of RMB8.6 million in 2023 and a profit of RMB34.0 million in 2024, which was primarily attributable to an increase in our SaaS revenue.

Contract assets

Our contract assets decreased by 74.9% from RMB4.5 million as of December 31, 2023 to RMB1.1 million as of December 31, 2024, mainly due to a decrease in our VPC solutions business.

Financial investments at fair value through profit of loss

Our financial investments at fair value through profit or loss increased by 16.6% from RMB50.1 million as of December 31, 2023 to RMB58.4 million as of December 31, 2024, primarily due to an increase in outstanding or redeemable financial assets as of December 31, 2024. Hereby the Company wishes to clarify that due to an inadvertent clerical error, the financial investments at fair value through profit or loss as of December 31, 2024 under the section titled "Financial Review" in the Company's annual results announcement for the year ended December 31, 2024 published on March 28, 2025, was mistakenly stated as RMB70.2 million, while the correct number should be RMB58.4 million.

Financial position, liquidity and capital resources and gearing ratio

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

In 2024, we funded our cash requirements principally from cash generated from operating activities. Our cash and cash equivalents represent cash and bank balances. We had cash and cash equivalents of RMB274.4 million as statement of financial position as of December 31, 2024. As of December 31, 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:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Net cash generated from operating activities	**37,112**	13,517
Net cash used in investing activities	**(62,413)**	(25,178)
Net cash used in financing activities	**(7,764)**	(7,623)
Net decrease in cash and cash equivalents	**(33,065)**	(19,284)
Cash and cash equivalents at the beginning of the year	**169,472**	188,406
Effects of foreign exchange rate changes, net	**172**	350
Cash and cash equivalents at the end of the year	**136,579**	169,472
Short-term time deposits with original maturity of over three months when acquired	**137,828**	128,603
Cash and bank deposits at the end of the year as stated in the statement of financial position	**274,407**	298,075

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

Net Cash Generated from Operating Activities

In 2024, net cash generated from operating activities was RMB37.1 million, which was primarily attributable to our profit before tax of RMB35.4 million, as adjusted by (i) non-cash items, which primarily comprised of depreciation of right-of-use assets of RMB7.4 million and interest income of RMB8.1 million, and (ii) changes in working capital, which primarily comprised of an increase in trade receivables of RMB19.5 million, and increase in contract liabilities of RMB6.1 million.

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

Net Cash Used in Investing Activities

In 2024, net cash used in investing activities was RMB62.4 million, which was primarily attributable to payments of RMB381.0 million for placement of time deposits with original maturity over three month, which was partially offset by proceeds of RMB337.8 million from withdrawal of time deposits with original maturity over three months when acquired.

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

Net Cash Used in Financing Activities

In 2024, net cash used in financing activities was RMB7.8 million, which was mainly attributable to payments of lease principal.

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

Significant Investments Held

During the Reporting Period, the Company subscribed (the "**Subscriptions**") for structured deposit products (the "**Structured Deposit Products**") using our surplus cash reserves generated from daily operations. The key terms and conditions of each Subscription are set out in the table below:

Subscription date (Subscription effective immediately)	Counterparty	Name of product	Principal amount subscribed RMB	Term of product	Maturity date (Status)	Type of product	Expected annualized rate of return	Actual return of the matured Subscription RMB	Right of early redemption
April 1, 2024	Bank of Communications Co., Ltd.	Bank of Communications Structured Deposit 98 days* (交通銀行結構性存款98天)	15 million	98 days	July 8, 2024 (Matured)	Principal-guaranteed with floating return	1.15%–1.95%	66,452.05	Not available
April 22, 2024	Bank of Communications Co., Ltd.	Bank of Communications Structured Deposit 98 days* (交通銀行結構性存款98天)	10 million	98 days	July 29, 2024 (Matured)	Principal-guaranteed with floating return	1.15%–1.75%–1.95%	46,986.30	Not available
July 18, 2024	Bank of Communications Co., Ltd.	Bank of Communications Structured Deposit 98 days* (交通銀行結構性存款 98天)	15 million	98 days	October 25, 2024 (Matured)	Principal-guaranteed with floating return	1.15%–1.75%–1.95%	70,479.45	Not available
August 5, 2024	Bank of Communications Co., Ltd.	Bank of Communications Structured Deposit 98 days* (交通銀行結構性存款 98天)	10 million	98 days	November 11, 2024 (Matured)	Principal-guaranteed with floating return	1.05%–1.65%–1.85%	28,191.78	Not available
March 22, 2024	Bank of Ningbo Co., Ltd.	Bank of Ningbo Structured Deposit 90 days* (寧波銀行結構性存款90天)	15 million	90 days	June 20, 2024 (Matured)	Principal-guaranteed with floating return	1.65%–2.8%	103,561.64	Not available
June 14, 2024	Bank of Ningbo Co., Ltd.	Bank of Ningbo Structured Deposit 180 days* (寧波銀行結構性存款180天)	10 million	180 days	December 11, 2024 (Matured)	Principal-guaranteed with floating return	1.0%–2.75%	135,616.44	Not available
May 20, 2024	China CITIC Bank Corporation Limited	CITIC Bank Structured Deposit 93 days* (中信銀行結構性存款93天)	20 million	93 days	August 20, 2024 (Matured)	Principal-guaranteed with floating return	1.05%–2.55%	100,821.92	Not available
September 1, 2024	China CITIC Bank Corporation Limited	CITIC Bank Structured Deposit 92 days* (中信銀行結構性存款92天)	20 million	92 days	December 2, 2024 (Matured)	Principal-guaranteed with floating return	1.05%–2.0%–2.4%	100,821.92	Not available

* *For identification purposes only*

The Directors are of the view that (i) from a cash management perspective, the Subscriptions are relatively low-risk in nature and provide the Group a higher return than the fixed term deposits generally offered by commercial banks in the PRC, (ii) the Subscriptions allow the Group to optimize the return on the surplus cash reserves from daily operations, and (iii) the Group has implemented adequate and appropriate internal control procedures to ensure the Subscriptions would not affect the Group's working capital position, daily operations or adversely affect the interests of independent Shareholders. Accordingly, the Directors (including independent non-executive Directors) consider that the terms of each of Structured Deposit Products are fair and reasonable and are on normal commercial terms, and each of the Subscriptions is in the interests of the Company and the Shareholders as a whole.

The Subscriptions (aggregated when required under Rule 14.22 of the Listing Rules), each represents less than 5% of the Group's total assets as of December 31, 2024 and therefore does not constitute a significant investment under the Listing Rules. For further details of the Subscriptions, please refer to the Company's announcement dated September 20, 2024.

The Group did not make or hold any significant investments during the Reporting Period.

Future Plans for Material Investments and Capital Assets

As of December 31, 2024, we did not have 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 year ended December 31, 2024.

Environmental, Social and Governance

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

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

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

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

During the Reporting Period, our Board has the collective responsibility for formulating, adopting and reviewing our environmental, social and corporate governance ("**ESG**") vision, policy and target, and evaluating, determining and addressing our ESG-related risks at least once a year. During the Reporting Period, our Board engaged an independent third party to evaluate our ESG risks and review our existing strategy, target and internal controls. Furthermore, the ESG Committee was established with effect from December 27, 2024, which is mainly responsible for overseeing and assessing the our sustainability strategies and ESG compliance, monitoring global sustainability trends and their effects on operations, evaluating the impact of ESG performance on stakeholders, directing ESG public communications and disclosures, and developing strategies to address climate-related risks and opportunities in alignment with regulatory requirements and organizational goals. The ESG Committee comprises two executive Directors, namely , Mr. Wu Qiang ("**Mr. Wu**") and Mr. Pan Wei, and one independent non-executive Director, Ms. Weng Yang. Mr. Wu was appointed as the chairman of the ESG Committee. For the terms of reference for the ESG Committee, please refer to the announcement of the Company dated December 27, 2024.

Employee and Remuneration Policy

The following table sets forth the numbers of our employees dedicated to our business and operations categorized by function as of December 31, 2024.

Function	**Number of Employees**	**% of Total**
Research and development	219	43.3%
Sales	158	31.2%
Operations	93	18.4%
Management	36	7.1%
Total	506	100.0%

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

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

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

The Company granted a total of 498,500 RSUs to 46 grantees on January 15, 2024 and a total of 428,000 RSUs to 26 grantees (collectively, the "**2024 Grantees**") on December 18, 2024, in accordance with the terms of the Share Incentive Plan (collectively, the "**2024 Grants**"). None of the 2024 Grants 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 Grants, please refer to the announcements of the Company dated January 15, 2024 and December 18, 2024.

The Share Incentive Plan provides for awards of RSUs, Shares issued subject to forfeiture or repurchase by the Company until vested, and other share-based awards or rights. The Share Incentive Plan shall be valid and effective until the close of business of the Company on the date which falls ten years after May 13, 2021 (being the adoption date).

The total remuneration expenses, including share-based payments, for the year ended December 31, 2024 were RMB197.2 million, as compared to RMB189.8 million for the year ended December 31, 2023, representing a year-on-year increase of 3.9%.

Foreign Exchange Risk

We conduct our businesses mainly in Renminbi ("**RMB**"). Foreign exchange risk arises when future commercial transactions or recognized financial assets and liabilities are denominated in a currency that is not the respective functional currency of our entities. Throughout to the year ended December 31, 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 December 31, 2024, the Group had no capital commitment.

Contingent Liabilities

As of December 31, 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 December 31, 2024.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

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

Name	Age	Positions(s)
Directors		
Mr. WU Qiang (吳強)	54	Executive Director, Chairman of the Board and Chief Executive Officer
Mr. PAN Wei (潘威)	53	Executive Director
Mr. LI Jin (李晉)	52	Executive Director
Mr. AN Jingbo (安靜波)	43	Former executive Director *(resigned on March 28, 2025 with immediate effect)*
Ms. WENG Yang (翁陽)	53	Independent non-executive Director
Mr. LI Pengtao (李鵬濤)	49	Independent non-executive Director
Mr. LI Zhiyong (李志勇)	53	Independent non-executive Director

Executive Directors

Mr. WU Qiang (吳強), aged 54, is an executive Director, Chairman of the Board, Chief Executive Officer, and founder of our Company. Mr. Wu was appointed as our Director on March 31, 2021, and re-designated as our executive Director on May 26, 2021. Mr. Wu is also the chairman of the Nomination Committee and ESG Committee, and a member of the Remuneration Committee. Mr. Wu founded our Group in 2006. He has served as the president of T&I Net Communication since June 2006; director of Shanghai Tianrun Rongtong since November 2012; a director of AsiaInfo Security Technology Co., Ltd. (亞信安全科技股份有限公司) since September 2023; a supervisor of Xinfeng Information Technology since April 2014; and a supervisor of Guanxun Information Technology since April 2018.

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

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

Mr. PAN Wei (潘威), aged 53, is an executive Director, Vice President and a member of the ESG Committee of our Company. Mr. PAN Wei ("**Mr. Pan**") was appointed as our Director on May 20, 2021 and re-designated as our executive Director on May 26, 2021. Mr. Pan joined our Group in September 2009. He has been serving as the deputy general manager of T&I Net Communication since September 2009, a supervisor of Shanghai Tianrun Rongtong since April 2014 and a director of T&I Net Communication since September 2015.

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

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

Mr. LI Jin (李晉), aged 52, is an executive Director and Vice President of our Company. Mr. LI Jin ("**Mr. Li**") was appointed as our Director on May 20, 2021, and re-designated as our executive Director on May 26, 2021. Mr. Li joined our Group in September 2007. Mr. Li has been serving as the legal representative and an executive director of Beijing Yizhangyunfeng Technology Co., Ltd. (北京易掌雲峰科技有限公司) and Nanjing Yizhang Beifeng Information Technology Co., Ltd. (南京易掌倍豐資訊科技有限公司) since March 12, 2024 and May 30, 2024, respectively. In addition, Mr. Li has been serving as a deputy general manager and a director of T&I Net Communication since September 2007 and September 2015, respectively. Since December 2023, Mr. Li has served as the legal representative and executive director of Chengdu Tianrun Jinjia Technology Co., Ltd. (成都天潤金鎧甲科技有限公司); the legal representative, executive director and financial director of Beijing Zhonghuan Transsion Technology Co., Ltd. (北京中環傳音科技有限公司) and Beijing Zhonghuan Yundong Technology Co., Ltd. (北京中環雲動科技有限公司).

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

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

DIRECTORS AND SENIOR MANAGEMENT

Independent Non-Executive Directors

Ms. WENG Yang (翁陽), aged 53, has been an independent non-executive Director from the Listing Date. She is also a member of the Audit Committee, Nomination Committee and ESG Committee.

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

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

Mr. LI Pengtao (李鵬濤), aged 49, has been an independent non-executive Director, the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee from the Listing Date.

Mr. LI Pengtao served as the head of administration department of Beijing Jingdong Shangke Information Technology Co., Ltd. (北京京東尚科信息技術有限公司) from March 2012 to July 2020, from which he has acquired extensive corporate governance experience. Mr. LI Pengtao served as the general partner at Gongqingcheng Shanban Xingyuan Investment Partnership (Limited Partnership) (共青城山般星元投資合夥企業(有限合夥)) from October 2020 to August 2023, where he was mainly responsible for the overall business operation. Mr. LI Pengtao has been serving as the executive director, manager and legal representative of Shanghai Suhe Technology Co., Ltd. (上海速禾科技有限公司) since September 2020. Since August 2021, he has been serving as the executive director, manager and legal representative of Beijing Shuwei Technology Co., Ltd. (北京數緯科技有限公司).

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

Mr. LI Zhiyong (李志勇), aged 53, has been an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee from the Listing Date.

In March 2001, Mr. LI Zhiyong joined Wison Engineering Ltd. (惠生工程(中國)有限公司) ("**Wison Engineering**," formerly known as Shanghai Wison Chemical Engineering Co., Ltd. (上海惠生化工工程有限公司)) and served as the financial controller until March 2011. Mr. LI Zhiyong also served as an executive director of Wison Engineering Services Co., Ltd. (惠生工程技術服務有限公司) from June 2007 to April 2011. From February 2012 to November 2013, Mr. LI Zhiyong was the chief financial officer of Jiangsu Shenma Electric Co., Ltd. (江蘇神馬電力股份有限公司) ("**Jiangsu Shenma**"). From March 2014 to December 2016, Mr. LI Zhiyong was a partner and the general manager of Vado Consulting (Shanghai) Co., Ltd (凡道管理諮詢(上海)有限公司). From January 2017 to August 2020, Mr. LI Zhiyong served as the executive director and chief financial officer of Wison Engineering whose shares are listed on the Stock Exchange (stock code: 2236). From August 2020 to August 2023, Mr. LI Zhiyong has been serving as an independent director in Jiangsu Shenma, a company whose shares are listed on the Shanghai Stock Exchange (stock code: 603530). Since August 2020, Mr. LI Zhiyong has been serving as the chief financial officer of Shanghai Wison Offshore & Marine Co., Ltd. (上海惠生海洋工程有限公司). He has served as the executive affairs partner of Shanghai Huizhuo Enterprise Management Center (Limited Partnership) (上海慧卓企業管理中心(有限合夥)) since October 2020. Since March 2022, Mr. Li has been serving as an executive director of Nantong Wison Wind Power Technology Co., Ltd. (南通惠生風電科技有限公司). Since September 2022, Mr. Li has been serving as a director of Zhiyi (Zhejiang Zhoushan) Wind Power Equipment Intelligent Manufacturing Co., Ltd. (之屹(浙江舟山)風電裝備智慧製造有限公司). Mr. LI Zhiyong served as the executive director, general manager and legal representative of Wison (Zhoushan) New Energy Research Institute Co., Ltd. (惠生(舟山)新能源研究院有限公司) from June 2023 to January 2025. Mr. LI Zhiyong has served as the executive affairs partner of Nantong Huijin Enterprise Management Center (Limited Partnership) (南通慧錦企業管理中心(有限合夥)) since October 2023 and a director of Wison Clean Energy Technology Group Co., Ltd. (惠生清潔能源科技集團股份有限公司) since December 2023.

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

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

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

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

Change in Director

On March 28, 2025, Mr. An Jingbo has tendered his resignation as an executive Director with effect from March 28, 2025 due to work adjustment. Mr. An has confirmed that he has no disagreement with the Board and there are no matters in relation to his resignation that needs to be brought to the attention of the Stock Exchange or the Shareholders. For further details, please refer to the Company's announcement in relation to the resignation of executive Director dated March 28, 2025.

JOINT COMPANY SECRETARIES

Mr. WANG Huan (王歡), aged 38, the head of our Securities Legal Department since November 2020, was appointed as one of our joint company secretaries on May 26, 2021.

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

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

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

Mr. LUI Wing Yat Christopher (呂穎一), aged 35, was appointed as one of our joint company secretaries on November 29, 2021 and a senior manager of corporate services of Tricor Services Limited.

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

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

SENIOR MANAGEMENT

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

The Board is pleased to present this report of the Directors with the consolidated financial statements of the Group for the year ended December 31, 2024.

GENERAL INFORMATION

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

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company. We offer a broad array of cloud-native customer contact solutions, which are communication solutions that enable enterprises to engage in multi-channel customer interactions. The Company's subsidiaries registered in the PRC are principally engaged in the provision of artificial intelligence-based cloud customer contact solution software and related services in SaaS model and VPC model. There were no significant changes in the nature of the Group's principal activities since the Listing Date and up to the date of this report. Please refer to Note 1 to the consolidated financial statements on pages 154 to 155 for details of the principal activities of the principal subsidiaries of the Company.

SUBSIDIARIES

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

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

During the Reporting Period and as of the date of this report, the Company repurchased a total of 326,200 Shares on the Stock Exchange for an aggregate consideration of approximately HK$785,282 before expenses. As at the date of this report, all such repurchased Shares are held by our Company as treasury Shares. The repurchase was effected for the enhancement of shareholder value in the long term. Details of the Shares repurchased are as follows:

Month of Repurchase in the Reporting Period and as of the date of this report	No. of Shares repurchased	Repurchase consideration per Share		Aggregate consideration Paid
		Highest price paid	Lowest price paid	
		HK$	HK$	HK$
July	115,000	2.73	2.44	294,434
September	4,600	2.41	2.39	11,030
October	26,200	2.35	2.30	60,780
November	15,800	2.35	2.19	36,454
December	96,800	2.35	2.11	221,612
January	27,400	2.30	2.30	63,020
February	40,400	2.70	2.09	97,952
Total	326,200	2.73	2.09	785,282

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.

Save as disclosed above and in Note 27 to the consolidated financial statements, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury Shares) during the Reporting Period.

PUBLIC FLOAT

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

OVERVIEW OF OUR PERFORMANCE OVER THE REPORTING PERIOD

A fair review of the business of our Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of our Group's financial performance for the year ended December 31, 2024 and an indication of likely future developments in our Group's business, is set out in the section headed "Management Discussion and Analysis" from pages 6 to 23 of this annual report. Those discussions form part of this annual report. Events affecting our company that have occurred since the end of the 2024 financial year are set out in "Directors' Report – Important Events After the Reporting Period" in this annual report.

Description of principal risks and uncertainties that the Group may be facing can be found in the sections headed "Directors' Report – Principal risks and uncertainties" and "Directors' Report – Risks relating to the Contractual Arrangements" on page 35 and page 53 of this annual report. In addition, discussions on the key relationships with the stakeholders, compliance with the relevant laws and regulations, environmental policies and performance are set out on page 34 of this annual report and will also be set out in the "Environmental, Social and Governance Report" on pages 86 to 139 of this annual report.

RESULTS

The results of the Group for the year ended December 31, 2024 are set out in the consolidated statement of profit or loss and consolidated statement of comprehensive income on pages 145 and 146 of this annual report.

FINANCIAL SUMMARY

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the amended and restated articles of association of our Company adopted on June 16, 2022 and became effective on the Listing Date, as amended (the "**Articles of Association**") or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

TAX RELIEF AND EXEMPTION

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

DIRECTORS' REPORT

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended December 31, 2024 are set out in Note 27 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company during the year ended December 31, 2024 are set out in Note 13 to the consolidated financial statements.

DEBENTURE ISSUED

The Group has not issued any debentures during the year ended December 31, 2024.

EQUITY-LINKED AGREEMENTS

Save as disclosed in "Share Incentive Plan" on pages 44 to 50 of this annual report, no equity-linked agreements were entered into by the Group, or existed during the year ended December 31, 2024.

DIVIDENDS

The Board recommend the distribution of a final dividend HK$0.1 per Share for the year ended December 31, 2024 (2023: nil) to be paid on July 3, 2025 to the Shareholders whose names appear on the register of members of the Company on June 11, 2025, subject to approval of Shareholders at the AGM (the "**AGM**") of the Company to be held on May 28, 2025. The actual total amount of final dividends to be paid will be subject to the total number of issued share capital of the Company as at the record date for determining the entitlement of Shareholders to the final dividend.

CLOSURE OF REGISTER OF MEMBERS AND RECORD DATE

For determining the qualification as Shareholders to attend and vote at the AGM to be held on May 28, 2025, the register of members of the Company will be closed from Friday, May 23, 2025 to Wednesday, May 28, 2025, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, May 22, 2025. The record date for determining the entitlement of the Shareholders to attend and vote at the AGM will be Wednesday, 28 May 2025.

For determining the entitlement of Shareholders to receive the proposed final dividend, the register of members of the Company will be closed from Monday, June 9, 2025 to Wednesday, June 11, 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to receive the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Friday, June 6, 2025. The record date for determining the entitlement of the Shareholders to receive the proposed final dividend will be Wednesday, June 11, 2025.

DISTRIBUTABLE RESERVES

As of December 31, 2024, the Company had distributable reserves of RMB248.0 million.

Details of movements in the reserves of the Company during the year ended December 31, 2024 are set out in Note 38 of the consolidated financial statements.

USE OF PROCEEDS

With the Shares listed on the Main Board of the Stock Exchange on June 30, 2022, the net proceeds from the Global Offering (following partial exercise of the Over-allotment Option, as defined in the Prospectus) were approximately HK$255.7 million, after deducting underwriting commissions and offering expenses paid or payable. As of December 31, 2024, the amount of the net proceeds which has remained unutilized amounted to approximately HK$80.4 million. There has been no material change or delay in the intended use of net proceeds as previously disclosed in the Prospectus.

The following table sets forth a summary of the utilization of the net proceeds as of December 31, 2024:

Intended use of net proceeds	Allocation of net proceeds	Percentage of total net proceeds	Amount of net proceeds unutilized as of January 1, 2024	Amount of net proceeds utilized for the year ended December 31, 2024	Balance of net proceeds unutilized as of December 31, 2024	Intended timetable for use of the unutilized net proceeds
	HK$ million		HK$ million	HK$ million	HK$ million	
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%	131.2	50.8	80.4	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%	19.4	19.4	–	
Used for working capital and general corporate purposes	12.8	5%	–	–	–	
Total	255.7	100%	150.6	70.2	80.4	

BORROWINGS

As of December 31, 2024, we had no outstanding borrowings.

Gearing ratio was not applicable as the Group recorded net cash as of December 31, 2024. Gearing ratio is calculated by dividing net debt by the capital plus net debt and multiplied by 100%.

PLEDGE OF ASSETS

As of December 31, 2024, none of our assets were pledged to secure our loans and banking facilities.

KEY RELATIONSHIP WITH STAKEHOLDERS

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

Further details of an account of the Company's key relationships with its employees, clients, suppliers and other business associates that have a significant impact on the Company are set out in the "Environmental, Social and Governance Report" on pages 86 to 139 of this annual report.

MAJOR CLIENTS AND SUPPLIERS

During the year ended December 31, 2024, revenue from our Group's top five clients, accounted for 28.05% (2023: 27.10%) of our Group's revenue in the same year. Our Group's largest client for the 2024 financial year accounted for approximately 8.37% (2023: 8.70%) of our Group's revenue in the same year. During the year ended December 31, 2024, cost of revenue from our Group's five largest suppliers accounted for 62.25% (2023: 55.20%) of our Group's total cost of revenue amount in the same year. Our Group's largest supplier for the 2024 financial year accounted for approximately 27.41% (2023: 25.80%) of our Group's total cost of revenue amount in the same year.

During the year ended December 31, 2024, our Group did not experience any significant disputes with its clients or suppliers.

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

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended December 31, 2024, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Group is committed to fulfilling its social responsibility, promoting employee benefits and development, protecting the environment and giving back to the community, and achieving sustainable growth. The Group prioritizes the complete protection of employees' rights and interests while striving for mutually beneficial outcomes by taking proactive measures to prevent occupational hazards and provide a secure work environment. To realize our goal of becoming the most reliable partner in the customer contact sector, we are unwavering in our pursuit of exceptional performance in service quality, technology innovation, partnerships, and various other areas. Simultaneously, our successful ISO14001 recertification during the Reporting Period highlights our commitment to environmental protection and the significance of our environmental policy. A discussion on the Group's environmental policies and performance is set out in the Environmental, Social and Governance Report of this annual report.

EMPLOYEE AND REMUNERATION POLICY

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

CONTRACTS AND RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Save as disclosed in the section "Continuing Connected Transactions and Related Party Transactions" below and in this annual report, no contract of significance or contract of significance for the provision of services was entered into among the Company or any of its subsidiaries and the Controlling Shareholders or any of their subsidiaries during the year ended December 31, 2024.

MATERIAL LITIGATION

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

DIRECTORS

The Directors who held office during the Reporting Period and up to the date of this report were:

Executive Directors

Wu Qiang (吳強) *(Chief Executive Officer) (Chairman)*
Pan Wei (潘威)
Li Jin (李晉)
An Jingbo (安靜波) *(resigned on March 28, 2025 with immediate effect)*

Independent Non-Executive Directors

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

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

Accordingly, Ms. Weng Yang and Mr. Li Pengtao shall retire at the AGM. Each of these Directors, being eligible, will offer themselves for re-election at the AGM.

Details of the Directors standing for re-election at the AGM are set out in the circular to be published by the Company.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out in the section headed "Directors and Senior Management" on pages 24 to 28 of this annual report.

Change of Director is set out in the section headed "Directors and Senior Management" on pages 27 of this annual report.

Save as disclosed in this annual report, there were no changes in information of Directors of the Company that are required to be disclosed pursuant to Rule 13.51(B)(1) of the Listing Rules.

PERMITTED INDEMNITY

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

Such permitted indemnity provision has been in force for the year ended December 31, 2024. The Company has purchased liability insurance to provide appropriate coverage for the Directors.

DIRECTORS' SERVICE CONTRACTS

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

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

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

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section "Continuing Connected Transactions and Related Party Transactions" below and in this annual report, none of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party subsisting during or at the end of the year ended December 31, 2024.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended December 31, 2024.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the year ended December 31, 2024 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of the Company or any other body corporate; and none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

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

As of the date of this 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[5][6]	Approximate percentage of shareholding[6]
Mr. WU Qiang (吳強)	Beneficial owner	240,000(L)	0.14%
	Interest in controlled corporation; interest jointly held with another person[1][4]	86,831,200(L)	49.90%
Mr. PAN Wei (潘威)	Interest in controlled corporation; interest jointly held with another person[1][2][4]	87,071,200(L)	50.04%
Mr. LI Jin (李晉)	Interest in controlled corporation; interest jointly held with another person[1][3][4]	87,071,200(L)	50.04%

Notes:

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

Pursuant to the deeds of voting proxy dated June 6, 2021 with each of Connect The Unconnected Limited, Flyflux Holding Limited and Technolo-Jin CO., LTD, Mr. Wu as an attorney has the right to vote over all the Shares held by each of them, as a result of which Mr. Wu, Connect The Unconnected Limited, Flyflux Holding Limited and Technolo-Jin CO., LTD are in substance parties acting in concert (the "**AIC Parties**"). The AIC Parties collectively control over one-third of the voting power at general meetings of our Company. Accordingly, the AIC Parties are deemed to be interested in an aggregate of 87,071,200 Shares (including 326,200 treasury Shares held by the Company) as of the date of this report.

(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, who has tendered his resignation as an executive Director with effect from March 28, 2025, directly held 4,635,000 Shares. Accordingly, the AIC Parties are deemed to be interested in the number of Shares held by Flyflux Holding Limited.

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

(6) The number and percentage of Shares were calculated based on 174,000,400 Shares (including 326,200 treasury Shares) of the Company in issue as of the date of this annual report.

(ii) Interests in associated corporations of the Company

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

Notes:

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

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

Save as disclosed above, as of the date of this 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 of the date of this 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[(6)(7)]	Approximate percentage of shareholding[(7)]
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)]	Beneficial owner	240,000(L)	0.14%
	Interest in controlled corporation; interest jointly held with another person[(1)]	86,831,200(L)	49.90%
Connect The Unconnected Limited[(1)(2)]	Beneficial interest; interest jointly held with another person	87,071,200(L)	50.04%
Pan Wei (潘威)[(2)]	Interest in controlled corporation; interest jointly held with another person	87,071,200(L)	50.04%
Flyflux Holding Limited[(1)(3)]	Beneficial interest; interest jointly held with another person	87,071,200(L)	50.04%
An Jingbo (安靜波)[(3)]	Interest in controlled corporation; interest jointly held with another person	87,071,200(L)	50.04%
Technolo-Jin CO., LTD[(1)(4)]	Beneficial interest; interest jointly held with another person	87,071,200(L)	50.04%
Li Jin (李晉)[(4)]	Interest in controlled corporation; interest jointly held with another person	87,071,200(L)	50.04%
Fortune Ascend Holdings Ltd.[(5)]	Beneficial interest	28,641,200(L)	16.46%
Wisdom Extra Limited[(5)]	Interest in controlled corporation	28,641,200(L)	16.46%
Mr. Tian Suning[(5)]	Interest in controlled corporation	28,641,200(L)	16.46%

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 Deed(s) of Voting Proxy 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 AIC Parties.

(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, who has tendered his resignation as an executive Director with effect from March 28, 2025. 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) (L) denotes a long position in the Shares.

(7) The number and percentage of Shares were calculated based on 174,000,400 Shares of the Company (including 326,200 treasury Shares) in issue as of the date of this report.

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

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

Note:

(1) Beijing Tianchuang Chuangrun Investment Center (Limited Partnership) (北京天創創潤投資中心(有限合夥)) is an investment holding limited partnership established under the laws of the PRC. The general partner of Beijing Tianchuang Chuangrun Investment Center (Limited Partnership) is Beijing Tiandi Rongchuang Venture Capital Co., Ltd. (北京天地融創創業投資有限公司), which is controlled and owned as to 99% by Mr. Tian.

Save as disclosed above, as of the date of this 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.

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

In compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, the Company has established the Remuneration Committee to formulate remuneration policies. The remuneration is determined and recommended based on each Director's and senior management personnel's qualification, position and seniority. As for the independent non-executive Directors, their remuneration is determined by the Board upon recommendation from the Remuneration Committee. The Directors and the senior management personnel are eligible participants of the share incentive plan of our Company ("**Share Incentive Plan**"). Details of the remuneration of the Directors, senior management and the five highest paid individuals are set out in Note 8 and Note 9 to the consolidated financial statements.

Save as disclosed above, during the Reporting Period, none of the Directors waived or agreed to waive any remuneration (2023: nil) and there were no emoluments paid by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

SHARE INCENTIVE PLAN

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

Purpose

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

Types of Awards

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

Eligible participants

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

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

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

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

Maximum number of Shares

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

The number of options and awards available for grant under the Share Incentive Plan as at January 1, 2024 and December 31, 2024 were 3,612,182 and 2,735,042, respectively.

On January 15, 2024, 498,500 RSUs (the "**January Grant**") to 46 grantees in accordance with the terms of the Share Incentive Plan, which are to be vested, released and converted into the ordinary shares of the Company in three equal tranches on January 15, 2025, January 15, 2026 and January 15, 2027. The purchase price for such RSUs granted is HK$4.1 per Share and the closing price of the Shares as at the date of the January Grant was HK$4.89. For further details of the January Grant, please refer to the announcement of the Company dated January 15, 2024.

On December 18, 2024, the Company granted a total of 428,000 RSUs to 26 Grantees (the "**December Grant**") in accordance with the terms of the Share Incentive Plan, which are to be vested, released and converted into the ordinary shares of the Company in three equal tranches on December 18, 2025, December 18, 2026 and December 18, 2027. The purchase price for such RSUs granted is HK$4.1 per Share and the closing price of the Shares as at the date of the December Grantee was HK$2.28. For further details of the December Grant, please refer to the announcement of the Company dated December 18, 2024. No new Shares are issued and allotted in relation to the January Grant and December Grant. As such, the number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the Reporting Period divided by the weighted average number of Shares in issue (excluding treasury Shares) for the Reporting Period is nil.

As at the date of this report, an aggregate of 23,814,958 Shares were granted pursuant to the Share Incentive Plan, representing approximately 13.69% of the Company's issued Shares (including treasury Shares). As such, the maximum number of Shares that may be granted pursuant to the Share Incentive Plan is 2,735,042 Shares, representing approximately 1.57% of the Company's issued Shares (including treasury Shares).

Maximum entitlement of each Eligible Participant

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

Performance Target

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

Consideration for RSU and Restricted Share purchase price

The price to be paid upon the vesting and settlement of the restricted share unit award to be granted to a participant under the Share Incentive Plan ("**RSU(s)**"), and the purchase price of Restricted Shares shall, subject to any adjustments made pursuant to the Share Incentive Plan, be such amount in such form as may be determined by the Board from time to time and set out in the offer for the grant of an Award.

Conditions of Issuance of Shares

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

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

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

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

Vesting of Awards

(i) Settlement of RSUs

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

(ii) Release of Restricted Shares

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

Non-transferability of the Awards

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

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

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

Remaining Life

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

Termination

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

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

Details of the RSUs and Restricted Shares under the Share Incentive Plan during the year ended December 31, 2024 are set out below:

Name/Type	Date of grant[3]	Vesting Period	Number of RSUs unvested as of January 1, 2024	Number of Restricted Shares unvested as of January 1, 2024	Number of RSUs granted during the Reporting Period[3]	Number of Restricted Shares granted during the Reporting Period[3]	Number of RSUs vested during the Reported Period[6]	Number of Restricted Shares vested during the Reporting Period[6]	Number of Restricted Shares cancelled during the Reporting Period[7]	Number of Restricted Shares cancelled during the Reporting Period[7]	Number of RSUs lapsed during the Reporting Period	Number of Restricted Shares lapsed during the Reporting Period	Number of RSUs unvested as of December 31, 2024[5]	Number of Restricted Shares unvested as of December 31, 2024[5]	Closing price of the Shares immediately before date of award of RSU or Restricted Shares[4]
Directors of the Company															
Nil[1]															
Senior management															
Zhang Tao[2]	May 13, 2021	on the 6-month, 18-month and 30-month anniversaries of the Listing Date	0	500,000	0	0	0	0	0	0	0	0	0	500,000	–
Five highest paid individuals during 2024 (In aggregate)	May 13, 2021	on the 6-month, 18-month and 30-month anniversaries of the Listing Date	0	290,359	0	0	0	290,359	0	0	0	0	0	0	–
	January 3, 2023	in three equal tranches: (i) 1/3 on January 3, 2024; (ii) 1/3 on January 3, 2025; and (iii) 1/3 on January 3, 2026	585,540	0	0	0	195,180	0	0	0	0	0	390,360	0	12.70
	January 15, 2024	in three equal tranches: (i) 1/3 on January 15, 2025; (ii) 1/3 on January 15, 2026; and (iii) 1/3 on January 15, 2027	0	0	0	0	0	0	0	0	0	0	0	0	4.90
	December 18, 2024	in three equal tranches: (i) 1/3 on December 18, 2025; (ii) 1/3 on December 18, 2026; and (iii) 1/3 on December 18, 2027	0	0	10,000	0	0	0	0	0	0	0	10,000	0	2.20

Name/Type	Date of grant[3]	Vesting Period	Number of RSUs unvested as of January 1, 2024	Number of Restricted Shares unvested as of January 1, 2024	Number of RSUs granted during the Reporting Period[3]	Number of Restricted Shares granted during the Reporting Period[3]	Number of RSUs vested during the Reported Period[6]	Number of Restricted Shares vested during the Reporting Period[6]	Number of Restricted Shares cancelled during the Reporting Period[7]	Number of Restricted Shares cancelled during the Reporting Period[7]	Number of RSUs lapsed during the Reporting Period	Number of Restricted Shares lapsed during the Reporting Period	Number of RSUs unvested as of December 31, 2024[5]	Number of Restricted Shares unvested as of December 31, 2024[5]	Closing price of the Shares immediately before date of award of RSU or Restricted Shares[4]
Other employees	May 13, 2021	on the 6-month, 18-month and 30-month anniversaries of the Listing Date	101,042	6,927,211	0	0	101,042	6,907,851	0	19,360	0	0	0	0	–
	May 13, 2021	on the 6-month, 18-month, 30-month, 42-month and 54-month anniversaries of the Listing Date	30,000	0	0	0	10,000	0	0	0	0	0	20,000	0	–
	January 3, 2023	in three equal tranches: (i) 1/3 on January 3, 2024; (ii) 1/3 on January 3, 2025; and (iii) 1/3 on January 3, 2026	240,000	0	0	0	80,000	0	0	0	0	0	160,000	0	12.70
	January 15, 2024	in three equal tranches: (i) 1/3 on January 15, 2025; (ii) 1/3 on January 15, 2026; and (iii) 1/3 on January 15, 2027	0	0	498,500	0	0	0	30,000	0	0	0	468,500	0	4.90
	December 18, 2024	in three equal tranches: (i) 1/3 on December 18, 2025; (ii) 1/3 on December 18, 2026; and (iii) 1/3 on December 18, 2027	0	0	418,000	0	0	0	0	0	0	0	418,000	0	2.20
Total	/	/	956,582	7,717,570	926,500	0	386,222	7,198,210	30,000	19,360	0	0	1,466,860	500,000	–

Notes:

(1) No RSUs or Restricted Shares were granted to any Director of the Company pursuant to the Share Incentive Plan. There was no outstanding or unvested RSUs or Restricted Shares in favour of any Director of the Company as of January 1, 2024. No RSUs or Restricted Shares were granted to any Director of the Company during the Reporting Period. There were no RSUs or Restricted Shares in favour of any Director of the Company as of December 31, 2024.

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

(3) The fair value of each RSUs during the Reporting Period was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the RSUs were granted. The fair value of Awards granted to the Eligible Participants during the Reporting Period was RMB1,517,365, and the corresponding share-based payment expense was RMB617,396, after deducting the amount of the cash consideration paid/payable by the Eligible Participants.

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

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

(6) The weighted average closing price of the Shares immediately before the vest of the Awards is HK$2.35.

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

CONTINUING CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

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

Contractual Arrangements

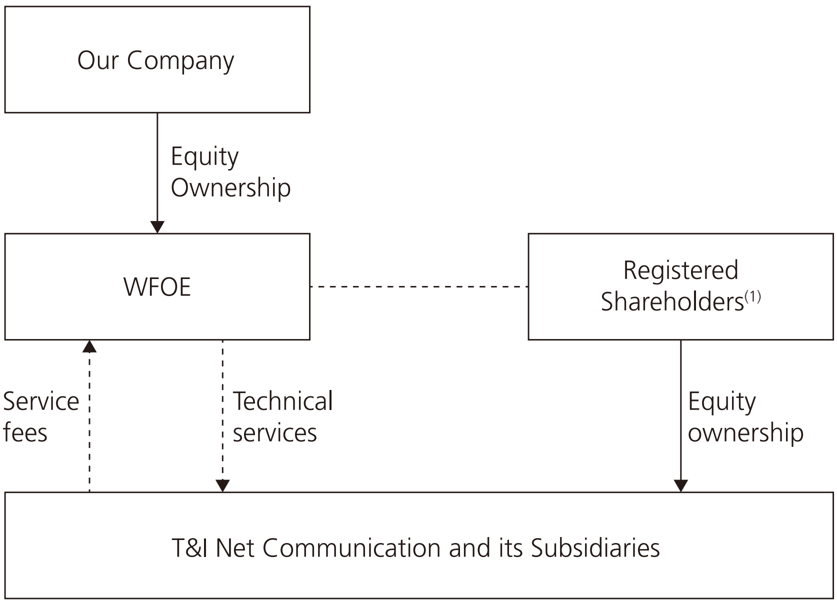
For the purposes of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", the Consolidated Affiliated Entities were treated as the Company's wholly-owned subsidiaries, and its directors, chief executives or substantial shareholders (as defined in the Listing Rules)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

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

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

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

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



Notes:

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

As at December 31, 2024, Mr. Wu, Mr. Li, Mr. Pan, Mr. An, Beijing Tianchuang Chuangrun, Beijing Yunjing, Beijing Yunhao, and Beijing Yunyu held 35.11%, 5.58%, 5.07%, 3.09%, 24.63%, 11.80%, 11.72%, and 3.00% equity interest in T&I Net Communication, respectively.

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

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

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

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

Risks relating to the Contractual Arrangements

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

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

- Our Contractual Arrangements may not be as effective in providing operational control as direct ownership.

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

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

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

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

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

Summary of the major terms of the Contractual Arrangements

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

Exclusive Technical Services Agreements

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

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

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

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

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

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

Exclusive Purchase Option Agreement

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

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

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

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

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

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

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

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

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

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

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

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

The Registered Shareholders shall also ensure that:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Equity Pledge Agreement

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

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

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

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

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

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

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

Voting Proxy Agreement

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Listing Rule implications

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

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

Related Party Transactions

Details of the related party transactions in the ordinary course of business are set out in Note 33 to the consolidated financial statements. Save as disclosed above, none of the related party transactions constitutes a connected transaction or continuing connected transaction as defined under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules and disclosed in this annual report.

Waiver from the Stock Exchange and annual review

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

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

(b) no change without independent shareholders' approval;

(c) economic benefits flexibility;

(d) renewal and reproduction; and

(e) ongoing reporting and approvals.

Confirmation from independent non-executive Directors

Our independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that (i) the transactions carried during the year ended December 31, 2024 have been entered into in accordance with the relevant provisions of the Contractual Arrangements, (ii) no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group during the year ended December 31, 2024, (iii) no new contracts were entered into, renewed or reproduced between the Group and the Consolidated Affiliated Entities during the year ended December 31, 2024, and (iv) the Contractual Arrangements were entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, and according to the relevant agreement governing the Contractual Arrangements on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmations from the Company's independent Auditor

The Auditor has confirmed in a letter to the Board that, with respect to the aforesaid continuing connected transactions entered into in the year ended December 31, 2024:

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

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

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

AUDITOR

The consolidated financial statements of the Group for the year ended December 31, 2024 have been audited by Ernst & Young, who will retire and, being eligible, offer themselves for re-appointment at the AGM.

IMPORTANT EVENTS AFTER REPORTING PERIOD

On March 28, 2025, Mr. An Jingbo has tendered his resignation as an executive Director with effect from March 28, 2025 due to work adjustment. Mr. An has confirmed that he has no disagreement with the Board and there are no matters in relation to his resignation that needs to be brought to the attention of the Stock Exchange or the shareholders of the Company. The Board would like to take this opportunity to express its sincere gratitude to Mr. An for his valuable contributions to the Company during his tenure of office. For further details, please refer to the Company's announcement in relation to the resignation of executive Director dated March 28, 2025.

The Company repurchased a total of 67,800 Shares at an aggregate consideration of HK$160,972 from January 2025 to February 2025. For details, please refer to "Purchase, Sale or Redemption of the Company's Listed Securities".

Save as disclosed in this annual report, there were no other important events affecting the Company which occurred after December 31, 2024 and up to the date of this report.

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

Hong Kong, March 28, 2025

The Board is pleased to present the Corporate Governance Report of the Company for the year ended December 31, 2024.

CORPORATE GOVERNANCE PRACTICES

The Company was incorporated in the Cayman Islands on March 31, 2021 with limited liability, and the Shares were listed on the Main Board of the Stock Exchange on the Listing Date.

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all Shareholders (the "**Shareholders**").

Throughout the year ended December 31, 2024, the Company has applied the principles and complied with all the applicable code provisions as set out in Part 2 of the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") except as disclosed below.

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

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

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

CORPORATE CULTURE

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

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

BOARD OF DIRECTORS

Board composition

Up to the date of this annual report, our Board comprises the following:

Name of Director	**Membership of Board Committee(s)**
Executive Directors:	
Wu Qiang (吳強) *(Chief Executive Officer, Chairman of the Board)*	Chairman of the Nomination Committee Chairman of the ESG Committee Member of the Remuneration Committee
Pan Wei (潘威)	Member of the ESG Committee
Li Jin (李晉)	
An Jingbo (安靜波) *(resigned on March 28, 2025 with immediate effect)*	
Independent non-executive Directors:	
Weng Yang (翁陽)	Member of the Audit Committee Member of the Nomination Committee Member of the ESG Committee
Li Pengtao (李鵬濤)	Chairman of the Remuneration Committee Member of the Audit Committee Member of the Nomination Committee
Li Zhiyong (李志勇)	Chairman of the Audit Committee Member of the Remuneration Committee

The biographical information of the Directors and the relationships between the members of the Board are disclosed under the section headed "Directors and Senior Management" on pages 24 to 28 of this annual report.

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

Chairman and chief executive officer

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

Independent non-executive Directors

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

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

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

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

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

Appointment and Re-election of Directors

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

Responsibilities, accountabilities and contributions of the Board and management

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

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

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

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

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

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

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

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

Continuous professional development of Directors

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

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

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

During the year ended December 31, 2024, the key methods of attaining continuous professional development by each of the Directors are recognized as follows:

Name of Director	Participated in continuous professional training[(1)]
Executive Directors:	
Wu Qiang (吳強) *(Chief Executive Officer) (Chairman of the Board)*	✓
Pan Wei (潘威)	✓
Li Jin (李晉)	✓
An Jingbo (安靜波) *(resigned on March 28, 2025 with immediate effect)*	✓
Independent non-executive Directors:	
Weng Yang (翁陽)	✓
Li Pengtao (李鵬濤)	✓
Li Zhiyong (李志勇)	✓

Note:

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

Board meetings, Board Committee meetings and general meetings

Code provision C.5.1 of the Corporate Governance Code provides that Board meetings should be held at least four times a year at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide Directors with an opportunity to attend and include matters in the agenda for a regular meeting. For other Board and Board Committee meetings, reasonable notice is generally given. The agenda and accompanying board papers are dispatched to the Directors or Board Committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or Board Committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. During the year ended December 31, 2024, the Company had held four Board meetings.

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

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

Attendance records of Directors

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

	Attendance/No. of Meeting(s)				
Name of Director	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**ESG Committee**
Wu Qiang (吳強)	4/4	N/A	2/2	2/2	N/A
Pan Wei (潘威)	4/4	N/A	N/A	N/A	N/A
Li Jin (李晉)	4/4	N/A	N/A	N/A	N/A
An Jingbo (安靜波) *(resigned on March 28, 2025 with immediate effect)*	3/4	N/A	N/A	N/A	N/A
Weng Yang (翁陽)	3/4	3/3	N/A	2/2	N/A
Li Pengtao (李鵬濤)	3/4	3/3	2/2	2/2	N/A
Li Zhiyong (李志勇)	3/4	3/3	2/2	N/A	N/A

During the Reporting Period, an annual general meeting was held on May 24, 2024 at the meeting room at 29/F, No.1 Building, 2nd Compound, Ronghua South Road, Beijing Economic and Technological Development Zone, Beijing, PRC. Mr. Wu Qiang, Mr. Pan Wei, Mr. Li Jin, Mr. An Jingbo, Ms. Weng Yang, Mr. Li Pengtao and Mr. Li Zhiyong attended the annual general meeting.

As the ESG Committee was established with effect from December 27, 2024, no meeting was held during the Reporting Period.

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

BOARD COMMITTEES

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

Audit Committee

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

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

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

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

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

- reviewed the annual results announcement and the annual report of the Group for the year ended December 31, 2023;
- reviewed the interim results announcement and the interim report of the Group for the six months ended June 30, 2024; and
- reviewed the findings and recommendations of the external auditor.

On March 28, 2025, the Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended December 31, 2024 and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and the Auditor. The Audit Committee has also monitored the Group's financial controls, internal control and risk systems, and reviewed the annual audit plan of the external auditor.

Remuneration Committee

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

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

The Remuneration Committee has adopted the second model described in paragraph E.1.2(c) under Appendix C1 to the Listing Rules (i.e. make recommendation to the Board on the Company's policy and structure for all Directors' and senior management remuneration). The Remuneration Committee has consulted the chairman of the Board and/or chief executive of the Company about their remuneration proposals for other executive Directors. The Remuneration Committee should have access to independent professional advice if necessary.

The Remuneration Committee shall have the following duties and powers:

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

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

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

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

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

- to review and approve the compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- to ensure that no director or any of his/her associates is involved in deciding his/her own remuneration;
- to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules; and
- to consider and implement other matters, as defined or assigned by the Board or otherwise required by the Listing Rules from time to time.

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

On March 28, 2025, the remuneration of the Directors is reviewed by the Remuneration Committee and approved by the Board. The relevant Director's experience, duties and responsibilities, time commitment, the Company's performance and the prevailing market conditions are taken into consideration in determining the emolument of the Directors. Details of the fees and other emoluments paid or payable to the Directors and the five highest paid employees for the year ended December 31, 2024 are set out in Notes 8 and 9 to the audited consolidated financial statements contained in this annual report.

The remuneration of the members of senior management by band for the year ended December 31, 2024 is set out below:

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

Nomination Committee

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

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

The Nomination Committee shall have the following duties and powers:

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

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

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

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

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

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

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

ESG Committee

The Company has established the ESG Committee to provide comprehensive oversight of the ESG practices and initiatives of the Company. The ESG Committee serves as the central coordinating body for ESG matters across all departments and operations. The ESG Committee comprises two executive Directors, namely Mr. WU Qiang and Mr. PAN Wei and an independent non-executive Director, namely Ms. WENG Yang. Mr. WU Qiang is the chairman of the ESG Committee.

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

The ESG Committee shall have the following duties and powers:

- to review, endorse and report to the Board on the Company's ESG standards, priorities and goals and to oversee the Company's strategies, policies and practices on sustainability and ESG matters to attain those standards and goals.

- to oversee, review and evaluate actions taken by the Company in furtherance of the ESG priorities and goals, including coordinating with the business divisions of the Company and ensuring that their operations and practices adhere to the relevant priorities and goals.

- to monitor and review emerging sustainability issues and trends in national and international standards that could impact the business operations and performance of the Company, such as key international ESG trends in legislation, regulation, litigation and public debate; peers analysis on ESG performance and climate related risks and opportunities.

- to monitor and evaluate the impact of the Company's ESG performance on its stakeholders, including employees, shareholders, local communities and the environment, and to conduct climate-related risk and opportunities management and propose corrective action plans when needed.

- to review, evaluate, advise and lead the preparation of the Company's public communication, disclosure and publications in relation to ESG matters (including but not limited to the disclosure in the ESG report in the Company's annual report), to maintain the integrity of reporting and to ensure the compliance with relevant disclosure requirements concerning ESG matters.

- to formulate, monitor and review the overall climate-related strategy and approach of the Company, including:

  - overseeing climate-related risks and opportunities (encompassing physical and transition risks);

  - coordinating climate-related initiatives across departments, setting and reviewing targets and key initiatives;

  - maintaining effective communication channels with other committees to ensure comprehensive awareness and response to climate-related issues affecting the Company; and

  - to ensure the climate strategy aligns with organizational objectives and regulatory requirements while facilitating cross-functional collaboration on climate action implementation.

As the ESG Committee was established with effect from December 27, 2024, no meeting was held during the Reporting Period .

Board Diversity Policy

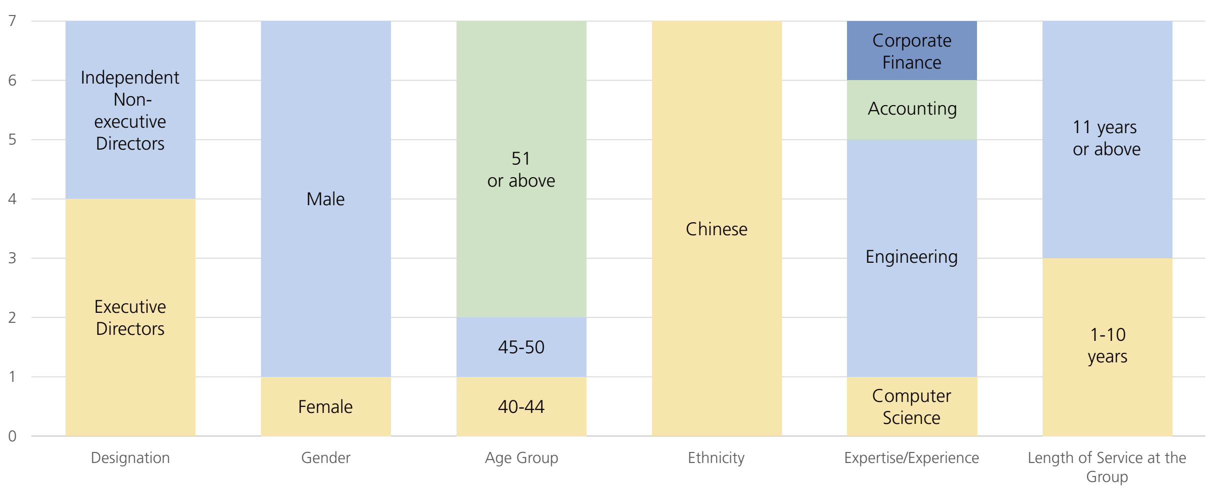
The Company has adopted the Board Diversity Policy which sets out the approach to enhance the effectiveness of our Board and to maintain high standard of corporate governance. The Board Diversity Policy sets out the criteria in selecting candidates to our Board, including but not limited to gender, age,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

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

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

The following chart shows the diversity profile of the Board as at December 31, 2024.

NUMBER OF DIRECTORS



Gender Diversity

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

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

	Female	**Male**
Board	16.67%	83.33%
Senior management	0.00%	100.00%
Other employees	32.27%	67.73%
Overall workforce	32.02%	67.98%

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

Details on the gender ratio of the Group together with relevant data can be found on pages 133 to 134 in the Environmental, Social and Governance Report of this annual report.

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

Director Nomination Policy

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

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

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

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

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

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

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

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

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

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

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

Corporate governance functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the Corporate Governance Code. The Board has performed the duties in corporate governance during the Reporting Period which include:

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

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

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

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

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

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The statement of the independent auditor of the Company, Ernst & Young, about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 140 to 144 of this annual report.

DIVIDEND POLICY

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

The Board reviewed the effectiveness of the Group's risk management and internal control system for each financial year and has completed the review for the year ended December 31, 2024. The Board confirmed that for the year ended December 31, 2024, (a) the Group has adequate and effective internal audit functions to continuously monitor the success of its risk management and internal control system; and (b) the Group's risk management and internal control system is effective.

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

Operational Risk Management

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

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

Legal and Compliance Risk Management

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

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

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

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

Financial Reporting Risk Management

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

Human Resources Risk Management and Whistleblowing Policy

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

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

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

Credit Risk Management

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

Internal Audit

We have established the Audit Committee to monitor the implementation of our risk management policies across our Company on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. The Audit Committee consists of three members, namely Mr. LI Zhiyong, Mr. LI Pengtao and Ms. WENG Yang, all of whom are independent non-executive Directors. Mr. LI Zhiyong is the chairman of the Audit Committee. For the professional qualifications and experiences of the members of our Audit Committee, please refer to the section headed "Directors and Senior Management" in this annual report.

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

Inside Information

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

AUDITOR'S REMUNERATION

Set out below is a breakdown of the remuneration paid/payable to the external auditor of the Company, Ernst & Young, in respect of the audit services and the non-audit services for the year ended December 31, 2024. The audit services conducted by the external auditor of the Company include annual audit of financial statements for the Group. Non-audit services include interim review of financial information and tax compliance services for the Group.

Service Category	**Fees Paid/Payable** RMB'000
Audit services	1,720
Non-audit services	560
Total	2,280

JOINT COMPANY SECRETARIES

Mr. WANG Huan (王歡), one of our joint company secretaries, is the head of our Securities Legal Department since November 2020. The biographical information of Mr. Wang is disclosed under the section headed "Directors and Senior Management – Joint Company Secretaries" on page 28 of this annual report.

Mr. LUI Wing Yat Christopher (呂穎一), one of our joint company secretaries, is a senior manager of corporate services of Tricor Services Limited. The biographical information of Mr. Lui is disclosed under the section headed "Directors and Senior Management – Joint Company Secretaries" on page 28 of this annual report.

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

During the year ended December 31, 2024, Mr. Wang and Mr. Lui have complied with Rule 3.29 of the Listing Rules and taken no less than 15 hours of relevant professional training.

CHANGES IN CONSTITUTIONAL DOCUMENTS

The Company's Articles of Association, adopted on June 16, 2022 and became effective on the Listing Date, is available on the Company's website and the Stock Exchange's website. The Company did not make any changes to its constitutional documents during the year ended December 31, 2024.

SHAREHOLDERS' RIGHTS

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

Convening an extraordinary general meeting by Shareholders

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

Putting forward proposals at general meetings

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

Putting forward enquiries to the Board

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

Contact details

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

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

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

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

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

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

(a) Corporate Communication

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

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

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

(c) Corporate Website

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

(d) General Meetings

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

TI Cloud Inc. (hereinafter "**TI Cloud**", "**the Company**", "**Our Company**" or "**we**") is pleased to present this Environmental, Social and Governance Report for the year of 2024 (hereinafter the "**Report**"). This Report primarily discloses our performance and achievements in 2024 in integrating corporate environmental and social responsibilities into the Company's management and operations, supporting balanced economic, social, and environmental development, and enhancing the overall value for both the Company and its stakeholders.

Reporting Scope

Unless otherwise specified, the policies, statements, and data contained in this Report cover the Company's actual operational scope for the period from 1 January 2024 to 31 December 2024 (the "**Year**").

Basis of preparation

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "**ESG Guide**") set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the United Nations Sustainable Development Goals (UN SDGs).

Reporting principles

Requirements		Our Responses
Materiality	Where the Board of Directors determines that ESG matters may have material impact on investors and other stakeholders, the Company shall disclose such information accordingly.	In accordance with the relevant principles and requirements of the Environmental, Social and Governance Reporting Guide of the Stock Exchange, combined with the capital market's concerns about the Company's ESG, through the ongoing communication with stakeholders, the Company has identified the sustainable issues related to the Company based on the Company's development, industry and business conditions.
Quantitative	Key performance indicators relating to historical data shall be measurable to facilitate the assessment and verification of the effectiveness of ESG policies and management systems.	TI Cloud has established a standardized ESG metrics management framework, systematically tracking all quantitative disclosure indicators within the environmental domain and selected metrics across social, governance and operational dimensions as prescribed by reporting guidelines. These measurements undergo periodic consolidation throughout the fiscal year, culminating in the comprehensive ESG disclosure presented herein. Detailed quantitative ESG data may be referenced in the section headed the "Key Performance Indicators" of this Report.

Requirements		Our Responses
Balance	ESG reports shall present corporate performance in an impartial manner, avoiding selective disclosures, omissions or presentational formats that may unduly influence the decisions or judgments of report users.	This Report provides a balanced and unbiased disclosure of TI Cloud's achievements and challenges in addressing material sustainability issues.
Consistency	The Company shall employ consistent disclosure methodologies to ensure meaningful comparability of ESG data across reporting periods.	Unless otherwise stated, TI Cloud will ensure that the scope of disclosure and reporting methodology in this Report remain consistent with prior years.

Contact

Should you have any questions or suggestions regarding this Report, please feel free to contact us through the following channels:

Email	IR@ti-net.com.cn
Headquarters and principal place of business	28–29/F, No.1 Building, 2nd Compound, Ronghua South Road, Beijing Economic and Technological Development Zone
Our website	https://www.ti-net.com.cn

Statements of the Board

The Board of Directors of TI Cloud attaches paramount importance to the Company's sustainable development and its critical role in ensuring long-term and resilient operations. The Board and all Directors hereby confirm that this Report contains no false records, misleading statements, or material omissions. With respect to the Board's ESG oversight and governance responsibilities, the following declaration is made:

The Board serves as the highest governing body for ESG management at TI Cloud, responsible for reviewing material ESG matters and overseeing and evaluating the Company's overall ESG strategy and implementation. During the reporting period, TI Cloud established an ESG Committee to assist the Board in monitoring and evaluating the Company's ESG framework, policies, and strategic direction, ensuring effective execution of ESG initiatives while enhancing risk management and internal controls. Further details on the governance structure are provided in the section headed "ESG Governance" of this Report.

The Company values stakeholder engagement and has identified material ESG issues and potential risks through multi-channel dialogues with relevant parties. The Board has reviewed the prioritization of these ESG topics, providing insights and recommendations on matters that may impact long-term sustainability. For details, please refer to the section headed "Materiality Assessment" of this Report. Additionally, through regular updates from the ESG Committee, the Board maintains a clear understanding of evolving ESG trends and stakeholder feedbacks and expectations regarding the Company's ESG performance.

The Company has implemented a structured ESG target management system covering emissions, energy consumption, water resources, and other key metrics. The Board conducts annual reviews of progress and adjusts targets as needed to ensure continuous improvement. For details, see the section headed "COMMIT TO GREEN DEVELOPMENT AND PRACTICE LOW-CARBON PRINCIPLES".

Moving forward, the Board remains committed to refining ESG governance and performance, collaborating with stakeholders to build a sustainable future.

The Report, with detailed disclosure of above environmental, social and governance related matters, has been considered and approved by the Board on 28 March 2025.

ABOUT TI CLOUD

Corporate Culture

TI Cloud adheres to the core operating concept of"Customer-Centricity Empowered by Dedicated Teams" and is driven by the mission to"Enhance Efficiency and Deliver Exceptional Experiences for Our Customers". Anchored in the core values of "Collaboration, Integrity, Accountability, Openness, and Self-Reflection," we are committed to becoming "the most trusted partner in customer contact solutions".

Communication & Collaboration

Encourage full communication among employees at all levels, reward proactive responsibility and active cooperation, creating value for customers through efficient collaboration.

Openness & Progress

Pursue broad vision and high benchmarks, actively absorb the latest technological achievements in ICT, learn humbly from global industry leaders, and develop cutting-edge core technology systems through sustainable, collaborative openness.

Customer-Centric

We are firmly committed to serving clients who create social value and uphold sustainable development principles. Meeting customer needs, optimizing their experience, and enabling their success form the primary focus of our work. We drive product R&D, service organization, and continuous knowledge accumulation & process improvement by closely addressing both latent and explicit customer demands.

Meritocracy

We steadfastly rely on dedicated strivers who demonstrate strong mission awareness and responsibility, share our core values, and contribute strategic insights, breakthrough solutions, and tangible value to corporate growth. We empower cadres and employees with unwavering ideals, self-critical spirit, and accountability. Value and resource allocation prioritizes these high contributors.

Integrity & Accountability

Honesty, trustworthiness, and courage to take responsibility form the fundamental guarantee for earning trust from customers, employees, partners, and society.

Self-Criticism

Continuously examine mistakes and issues in corporate and personal development – no evasion, no excuses – conduct profound reflection to identify root causes. On this basis of deep analysis and accurate judgment, take bold action and drive change to propel individual and organizational progress.

Professional Accreditations

Information Technology Service Management System Certification

Information Security Management System Certification

Public Cloud Personal Identifiable Information Protection Certification

Environmental Management System Certification

Quality Management System Certification

Trusted Cloud Service Certification

Software Enterprise Certification

High-Tech Enterprise Certification

Classified Protection Level 3 Certification

REFINE RESPONSIBILITY GOVERNANCE AND ADVOCATE SUSTAINABLE DEVELOPMENT

Corporate Governance

Sound and effective governance serves as the cornerstone of sustainable corporate growth. In strict compliance with the Company Law of the People's Republic of China and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, among other regulatory frameworks, We uphold the highest standards of corporate governance. We are steadfast in our commitment to exemplary corporate stewardship, adhering to five core principles: safeguarding shareholder rights, upholding the fiduciary duties of the Board and the management, ensuring comprehensive disclosure and transparency, equitable treatment of stakeholders, and maintaining robust internal controls and oversight, all to enhance long-term enterprise value and ensure enduring stability. Our Board of Directors is structured with four specialized committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee, and the ESG Committee, each fulfilling distinct responsibilities within a clearly defined governance framework. Through these committees, the Board guides the management in strategy formulation and execution, oversees operational and financial performance, and ensures rigorous risk management and internal monitoring systems, thereby instituting comprehensive top-down supervision. For detailed insights into TI Cloud's governance practices, please refer to the section headed "Corporate Governance Report" of our 2024 Annual Report.

ESG and Climate Change Governance

We believe that robust and effective ESG and climate change governance can fortify our sustainability management, embedding ESG principles across the entire value chain to empower TI Cloud in addressing climate challenges. TI Cloud has established a top-down, three-tier ESG governance framework overseen by the Board of Directors, creating a closed-loop management system encompassing decision-making, communication, implementation, and reporting. In December 2024, we published the Terms of Reference for the ESG Committee of TI Cloud and the ESG Management Policy of TI Cloud, fostering a collaborative ESG governance model that advances our sustainability vision and enhances climate resilience. Furthermore, all Board members have undergone training on the Stock Exchange's enhanced climate-related disclosure requirements.

The Board of the Company ensures ESG and climate considerations are integrated into all operational and strategic decisions, bearing ultimate responsibility for ESG and climate strategies and disclosures, while receiving periodic updates from the ESG Committee. Delegated by the Board, the ESG Committee oversees ESG and climate-related matters, formulating policies and strategies, including the assessment, prioritization, and management of material ESG issues, and evaluating the progress, performance, and efficacy of ESG and climate initiatives. The ESG Task Force, comprising cross-functional representatives, drives ESG data collection, operational implementation, and regular reporting to the ESG Committee.

ESG Governance Hierarchy & Specific Responsibilities

Board of Directors

- Oversee ESG-related matters and formulate the Company's sustainable development vision and strategy
- Assume full responsibility for the Company's ESG strategy and reporting

ESG Committee

- Review and approve the Company's ESG standards, priorities, and objectives
- Monitor the Company's sustainable development and ESG strategies and policies, while tracking and examining emerging sustainability issues
- Develop, supervise, and review the Company's climate-related strategies and guidelines
- Lead the ESG Task Force in implementing ESG initiatives and monitor progress
- Regularly consolidate ESG work items and report to the Board of Directors

ESG Task Force

- Implement the Company's ESG standards, priorities, and objectives
- Collect data required for the Company's ESG reporting and ensure data quality
- Execute ESG-related policies, procedures, and measures approved by the ESG Committee

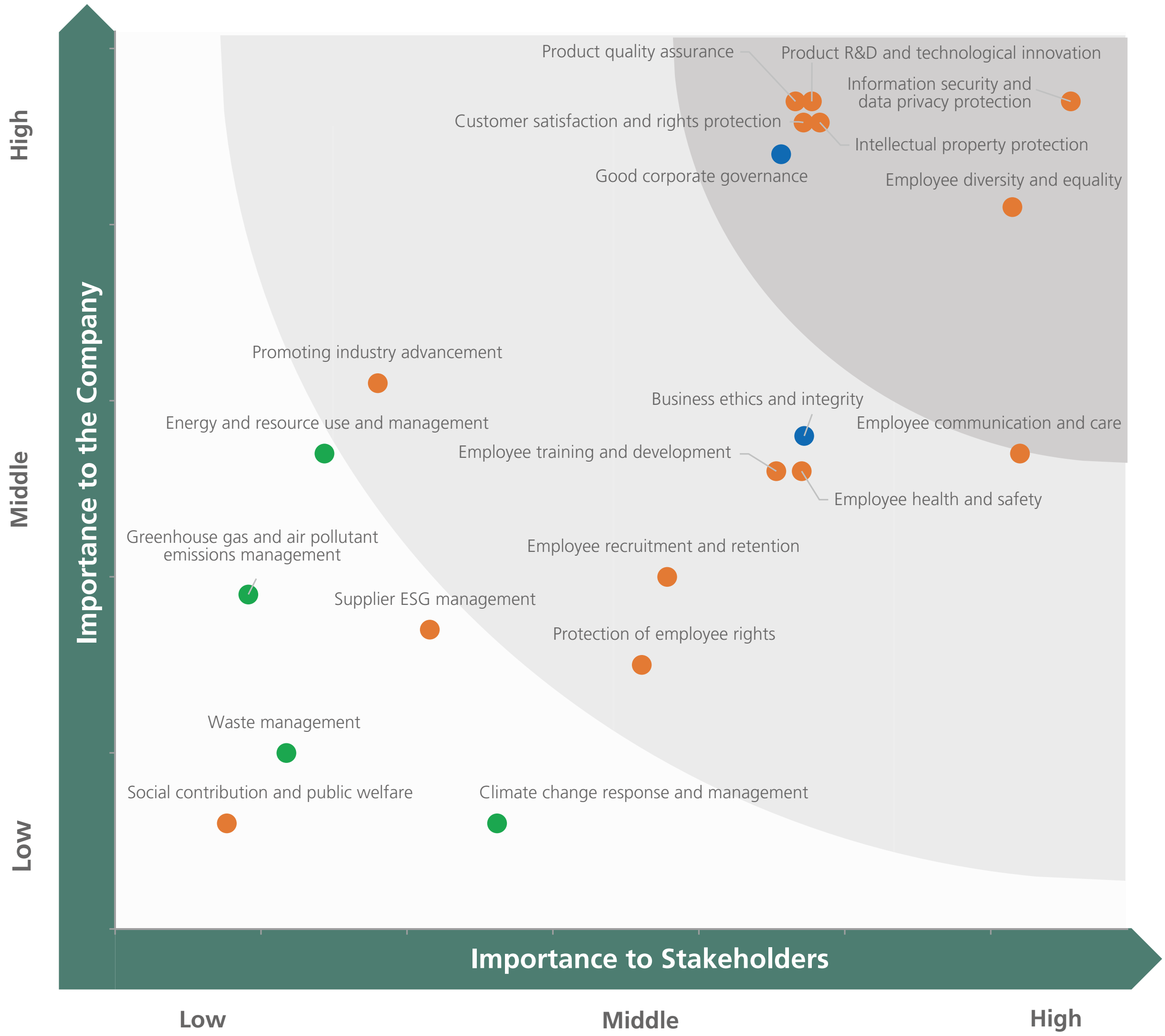
Materiality Assessment

TI Cloud periodically conducts materiality identification and analysis based on strategic planning, industry developments, stakeholder expectations, international standards, and industry best practices. Through stakeholder engagement, the Company identifies and determines its annual list of material topics. For key issues, management objectives and strategies are established, with detailed responses provided in this Report, thereby continuously advancing the Company's sustainable development.

Our materiality determination process comprises the following key steps:

Topic identification and material issues repository	The Company establishes its material topics database by integrating ESG contextual factors including operational locations, business activities, stakeholder relationships and development strategies. With reference to both domestic and international ESG disclosure standards as well as capital market priorities, we continuously update and refine ESG topics to identify those most relevant to our operations and of greatest concern to stakeholders.
Materiality evaluation and prioritization	Through stakeholder engagement initiatives including internal and external questionnaires, we assess ESG topics across two critical dimensions: significance to TI Cloud's development, and importance to stakeholders. This dual-materiality approach enables systematic prioritization of issues, with findings visualized through a materiality matrix derived from empirical research data.
Validation of materiality assessment	To ensure the accuracy, validity and relevance of outcomes, the Company's ESG Committee conducts thorough review and validation of all assessment results. The finalized materiality matrix reflects this rigorous verification process.

During the reporting period, the Company undertook a renewed materiality identification and analysis exercise, identifying 20 key topics spanning environmental, social and governance domains. Through extensive stakeholder consultation and evaluation, we have developed the accompanying materiality matrix where topics of higher material significance are positioned in the upper-right quadrant and topics of relatively lower material significance appear in the lower-left quadrant.



Stakeholder Communication

TI Cloud recognizes the critical importance of stakeholder perspectives in driving sustainable development. We have established regular engagement mechanisms with diverse stakeholder groups through multiple channels. Insights from our materiality assessment are systematically integrated into daily operations, enabling collaborative progress toward sustainability goals with all stakeholders.

Type of Stakeholders	Focus of Attention	Communication and Response
Governments and regulatory authorities	Compliant operation and tax payment in accordance with law Response to national policies Specialized collaborations Carbon neutrality & carbon peak strategy	Continuous enhancement of corporate compliance management Implementation of national policy requirements Promote employment Information disclosure
Employees	Employee health and safety Employee work-life balance Employee care and welfare Training and development Talent attraction and retention	Employee symposium Complaint and reporting mechanism Collective consultation mechanism Diverse employee activities Transparent compensation and career progression framework Employee training programs
Suppliers and partners	Multi-partnership and ecosystem Business ethics and integrity Supplier ESG management Value sharing Data security and privacy protection	Daily communication and collaboration enhancement Bidding and project procurement Creating sustainable supply chain
Investors and shareholders	Good corporate governance Results performance Protection of intellectual property rights Corporate culture development	Disclosures in regular reports and announcements Compliance operation Roadshow General meeting
Product users	Customer rights and privacy protection Product deployment and technology innovation Cybersecurity Quality Products	Official website Interview and engagement After-sales service Product innovation Product research feedback
Social institutions	Product social value Community contribution Climate change response and management Energy and resource use and management	Official website Participate in community development actively Identify climate-related risks and opportunities Formulate and disclose energy saving and emission reduction measures

Alignment with the United Nations Sustainable Development Goals

During the reporting period, the Company conducted a comprehensive analysis of its business operations to identify and prioritize the most relevant United Nations Sustainable Development Goals. Through this process, we selected 11 key SDGs that demonstrate the strongest alignment with our sustainability strategy for focused benchmarking and management.

Response to Goals	Action taken by TI Cloud
 Corresponding Topic: • Good corporate governance • Business ethics and integrity	• Maintain sound corporate governance, protect shareholder rights, and uphold the responsibilities of the Board and management. • Fulfill the commitment to comprehensive disclosure and enhanced transparency. • Treat all stakeholders equitably.
 Corresponding Topic: • Drive industry progress	• Establish communication channels with diverse stakeholders through multiple engagement formats. • Launch the "TI Corporate Outreach Series" activities.
 Corresponding Topics: • Product R&D and technological innovation • Supplier ESG management	• Launch the "WeiTeng" AI Agent. • Prioritize procurement from suppliers whose products carry recognized energy efficiency and eco-label certifications.
 Corresponding Topics: • Product quality assurance • Customer satisfaction and rights protection • Information security and data privacy protection • Protection of intellectual property rights • Waste management	• Obtained and maintained multiple industry-relevant system certifications with continuous validity. • Established a robust end-to-end product development process. • Expanded our communication channels by introducing dedicated customer service platforms on WeCom and WeChat. • Comprehensive product lifecycle safety management system. • Committed to minimizing waste generation in daily office operations. • Two newly-granted invention patents and one software copyright registration

Response to Goals	Action taken by TI Cloud
 Corresponding Topics: • Employee diversity and equity • Employee training and development • Employee Health and Safety • Employee Communication and Care • Protection of Employee Rights • Talent Acquisition and Retention	• Organize diverse team-building exercises and festive celebrations. • Offer comprehensive professional development programs to foster employee career advancement. • Implement a robust employee benefits framework. • Committed to cultivating an equitable, diverse, and inclusive workplace environment. • Ensure equal employment, career opportunities, and compensation regardless of race, ethnicity, gender, age, marital or parental status, while actively creating employment opportunities for individuals with disabilities.
 Corresponding Topics: • Greenhouse gas and air pollutant emissions and management • Energy and resource utilization and management • Climate change mitigation and adaptation	• Implement routine energy consumption management while advocating water conservation and enhancing water-use efficiency. • Identify and assess climate-related risks while implementing proactive mitigation measures. • Establish an ESG committee with clearly defined governance responsibilities encompassing climate-related matters.
 Corresponding Topic: • Social contribution and philanthropic initiatives	• Initiate the "Outstanding Volunteer Awards" program and implement a volunteer points-based incentive system

Compliant Operation and Business Ethics

TI Cloud strictly complies with all applicable laws and regulations, continuously strengthens its corporate governance framework, and refines internal management systems. Through ethics awareness training and rigorous anti-corruption compliance audits, TI Cloud upholds the highest standards of business ethics for both the Company and its employees. This Report demonstrates our commitment to fostering an integrity-driven, transparent, and progressive team environment.

Policy and System Development

Corrupt practices pose risks that undermine business stability and hinder growth. We maintain a zero-tolerance policy toward all forms of commercial misconduct, in particular with strict adherence to relevant laws including the Civil Code of the People's Republic of China, the Company Law of the People's Republic of China, the Anti-Monopoly Law of the People's Republic of China, and the Anti-Unfair Competition Law of the People's Republic of China. The Company has established robust internal governance systems, such as the Anti-Corruption and Integrity Whistle-blowing Policy, the Anti-Fraud and Misconduct Policy, and the Anti-Money Laundering Policy to ensure that ethical operations are rigorously implemented and monitored.

Compliant Operation

TI Cloud has implemented a comprehensive compliance management system based on the principle of "centralized leadership, division of responsibilities, organization-wide participation, and whole-process management". The Company's management assumes overall responsibility for compliance matters, regularly updates work plans, and revises relevant policies, so as to ensure appropriate personnel are designated with clear roles and responsibilities. Under the supervision of the management, each business unit integrates compliance requirements into their operational domains and workflows, and submits periodic implementation reports to ensure accountability. We are committed to ensuring that all departments fulfill their legal obligations, jointly preventing, detecting, and eliminating corrupt practices, and maintaining an efficient and orderly compliance management system.

Anti-fraud and Anti-misconduct Management Mechanism

TI Cloud has established a comprehensive anti-fraud and anti-misconduct management mechanism to ensure transparent corporate governance and standardized operations, effectively protecting the legitimate rights and interests of the Company and its shareholders. The Anti-Fraud and Anti-Misconduct Policy clearly defines various forms of fraudulent activities, including financial fraud, asset misappropriation, and unauthorized disclosure of trade secrets. We are committed to promoting an ethical corporate culture, conducting regular anti-fraud training programs, implementing a code of conduct, and establishing confidential reporting channels to strengthen our prevention work. Our internal audit department serves as the central authority for receiving and investigating misconduct reports and maintaining strict confidentiality of whistleblower information. For confirmed cases of misconduct, the Company will implement corrective measures, enforce disciplinary actions, and refer cases to judicial authorities when necessary. This ensures the Company's sustainable, healthy and transparent development.

Anti-money Laundering (AML) Management Mechanism

TI Cloud has established a comprehensive anti-money laundering system to prevent and combat money laundering and related illegal activities, ensuring the Company's lawful and compliant operations. The Company has formed an AML leadership team headed by the general manager with senior management as members, which is fully responsible for the planning, arrangement, supervision, management and reporting of AML work within the Company.

As the core executive department for AML work, the internal audit department is responsible for supervising and inspecting AML activities, maintaining relevant records and information, and reviewing large-value and suspicious transactions. When necessary and upon approval by the Company, it verifies customer identity information with government agencies. The Company has established complete transaction monitoring, internal control and reporting procedures to promptly identify and report suspicious transactions while strictly adhering to confidentiality obligations to ensure customer information security. Additionally, the Company regularly conducts AML training to enhance employees' relevant knowledge and actively cooperates with regulatory authorities in investigations and verifications, promoting the Company's sustainable and healthy development in compliance operations and risk prevention.

During the reporting period, TI Cloud maintained consistently high standards in business ethics matters, with no occurrence of any aforementioned cases.

Whistle-blowing Handling Mechanism

TI Cloud upholds the principles of "responsible reporting, thorough investigation of all concerns, fact-based assessment, and fair treatment" in maintaining business ethics and regulatory compliance. The Company has established a publicly accessible whistle-blowing email to encourage and protect employees, suppliers, customers and other stakeholders in lawfully reporting any misconduct. The Company follows a standardized case handling and investigation procedure to ensure all reports are properly documented, evaluated and addressed. The internal audit department verifies reported matters, and confirmed violations will result in disciplinary actions under applicable laws and internal policies, including but not limited to verbal warnings, written reprimands, demerit records, performance deductions, position adjustments, or termination. During the process, the reported party retains the right to raise objections, which will trigger reinvestigation to ensure decision-making fairness. Whistleblower identities remain protected against retaliation, with incentive mechanisms rewarding those providing critical information, collectively ensuring a fair, just and transparent work environment. During the reporting period, we received no corruption-related employee reports or litigation cases.

Risk Management

TI Cloud has established a comprehensive risk management and internal control system to effectively manage its corporate risks. The system's core consists of detailed management protocols and institutional frameworks, including the formulation of documents such as the Internal Control Manual and the Internal Control Management Measures, as well as the establishment of systems like the Internal Audit Policy and the Post-Tenure Audit Policy, which serve as the foundation and framework for the Company's internal control and audit operations.

Under this framework, the internal audit department plays a pivotal role in organizing and conducting regular internal control self-assessments. Through distributing self-assessment checklists to various business units, branches and subsidiaries of the Company and analyzing the results, the department conducts both targeted and random audits based on different departments' functions and operational characteristics to identify potential overlooked risks and control deficiencies. For issues identified during audits, the internal audit department forms special task forces to propose corrective measures and monitors implementation progress to ensure timely risk mitigation and effective resolution of control weaknesses. As a dynamic risk management process, this continuous cycle of self-assessment, audit and rectification strengthens the Company's internal oversight, enhances transparency, and fosters a culture of compliance.

Supplier Integrity Management

TI Cloud remains steadfast in its commitment to maintaining a transparent and environmentally responsible procurement environment. In compliance with the PRC Tendering and Bidding Law, the PRC Tendering and Bidding Implementation Regulations and other relevant laws and regulations, the Company provides all suppliers with an Integrity Agreement and requires all key suppliers to sign this agreement prior to cooperation. TI Cloud actively assumes transactional responsibilities by encouraging supplier partners to oversee the Company's procurement processes and advocating for joint fulfillment of obligations to establish ethical and healthy business relationships. Furthermore, the Company's Procurement Management Policy explicitly requires the procurement department to adhere to integrity regulations, safeguard TI Cloud's interests with self-discipline, and strictly prohibit any form of gift acceptance or bribery.

Integrity Culture Development

We recognize the paramount importance of elevating employees' business ethics and compliance awareness. Building an ethical corporate culture requires diversified internal communication and training initiatives. New employees receive standardized anti-corruption training during on-boarding to establish proper values and professional integrity. Furthermore, the Company has developed a series of targeted business ethics programs tailored to different employee roles and responsibilities, focusing on compliance challenges and high-risk scenarios encountered in daily operations. Through regular training and education, we strengthen employees' legal compliance, integrity self-discipline, and ethical decision-making capabilities, while enhancing professional competence to foster the Company's healthy cultural development. During the reporting period, we organized anti-corruption training for Board members covering anti-bribery laws and regulations, commercial bribery prevention guidelines, and case studies of regulatory compliance. These initiatives significantly enhanced Directors' awareness and capabilities in compliance and business ethics, laying a solid foundation for TI Cloud's ethical operations and sustainable development.

ADHERE TO TECHNOLOGICAL INNOVATION AND PURSUE QUALITY EXCELLENCE

As a Hong Kong-listed leader in full-cycle customer contact cloud platforms, TI Cloud adheres to its mission of "making customer contact a better experience, with improved efficiency". By providing premium products and exceptional services, we implement our customer-centric philosophy, continuously drive technological innovation, and deliver stable operational results to reward the trust of shareholders and stakeholders. The Company strictly complies with the PRC Product Quality Law, the PRC Consumer Rights Protection Law and other relevant regulations to ensure reliable product offerings. Simultaneously, we are committed to becoming the most comprehensive service provider in China's customer contact sector, demonstrating our steadfast dedication to sustainable development.

Excellence in Product Management

Comprehensive Quality Management System

TI Cloud has established a robust product quality management system, maintaining stringent quality controls while prioritizing product and service quality as core operational principles. The Company has thus implemented the Product Quality Management Policy and successfully passed the GB/T19001-2016/lSO 9001:2015 Quality Management System certification surveillance audit, demonstrating that TI Cloud's quality management has met the internationally recognized standards. Furthermore, our commitment to enhancing service quality and operational efficiency is evidenced by our Information Technology Service Management System's continued conformity with ISO/IEC 20000-1:2018 certification standards. This achievement reinforces our dedication to delivering efficient, high-quality full-cycle customer contact solutions. During the reporting period, we obtained ISO/IEC 27018:2019 certification for protecting personally identifiable information in public clouds.

To ensure product quality, the Company has implemented a quality management framework with dedicated quality managers and department heads as responsible parties, guaranteeing all products and projects meet established quality benchmarks. The Company exercises comprehensive quality control across documentation, processes, testing, and final deliverables to fulfill customer requirements for product services.

For sustained innovation and quality assurance of its products, TI Cloud follows rigorous product development and iteration management processes organized in biweekly cycles. Each cycle encompasses project planning, requirements analysis, design, development, testing, implementation, acceptance, and maintenance phases. Throughout execution, the Company ensures comprehensive and multilayered quality control through detailed logical design, physical design, user training, and trial implementations.

During the reporting period, TI Cloud maintained full compliance with all materially significant product and service regulations, further validating the Company's exacting quality standards and its distinguished industry reputation.

Customer-centric Product Development Management Process

TI Cloud places paramount importance on product development management. It has established a mature and comprehensive end-to-end ITO (Insight to Operation) process. This process encompasses the entire product lifecycle from conceptualization to operational delivery, structured as "Customer Insight – Solution Design – Implementation – Continuous Operation", with a strong emphasis on customer needs, cross-departmental collaboration, and rapid iterative innovation. Specifically, the ITO process consists of the following key phases:

1

Industry insight

TI Cloud conducts comprehensive analysis of served industries and customers, including trend evaluation, customer segmentation, and scenario identification to define product target audiences and service boundaries.

2

Solution design

Our product managers develop end-to-end solutions by matching appropriate AI technologies to selected scenarios. In the process of design, solutions undergo proof-of-concept validation using real customer data to verify feasibility and effectiveness, followed by iterative refinements to meet customer expectations.

3

Development and delivery

TI Cloud engineers validated solutions for production, ensuring seamless integration with existing customer systems and data flow optimization for operational deployment.

4

Operation and optimization

Post-implementation, we continuously monitor system performance, collect customer feedback, and conduct periodic iterations to enhance satisfaction levels.

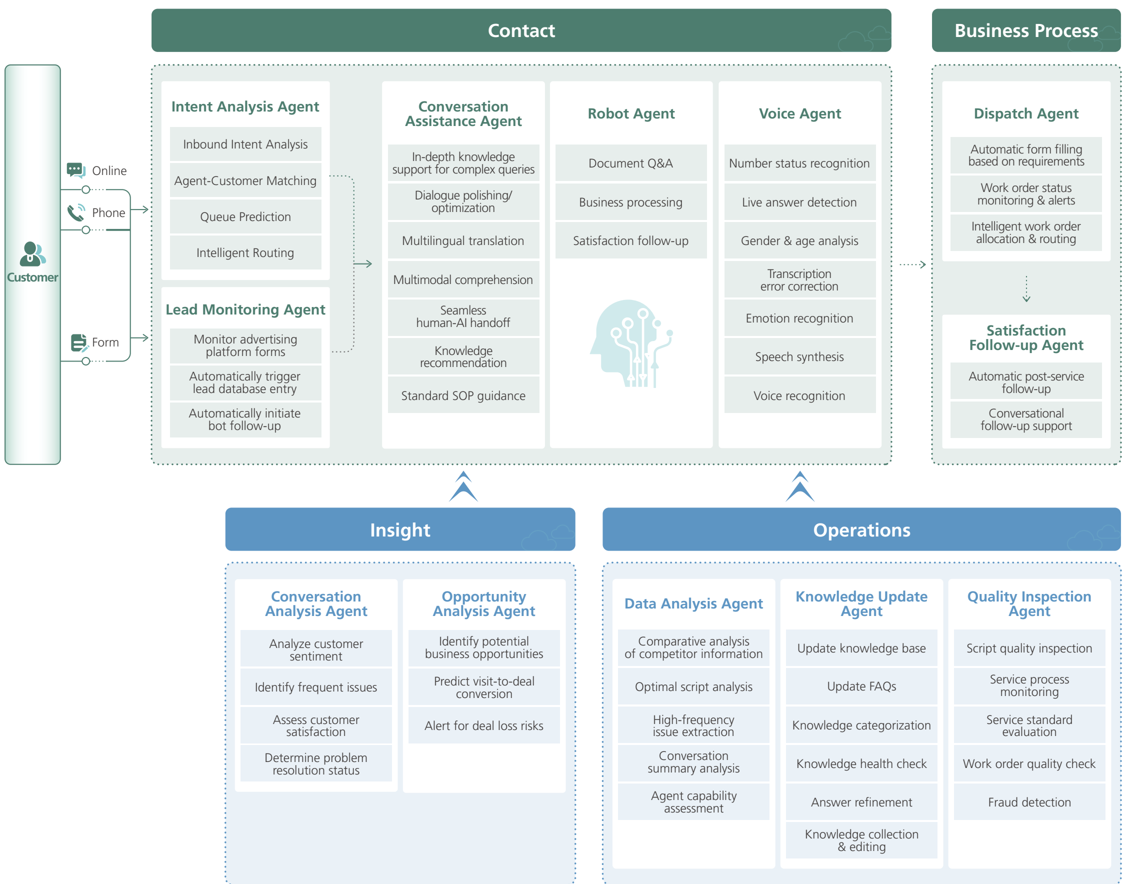
R&D and Innovation

TI Cloud actively responds to the national digital transformation wave, relentlessly pursues innovation and independent R&D, and is committed to developing and continuously enhancing secure and reliable technology solutions. We focus on advancing domestic technological capabilities, striving to build a safer and more stable technology ecosystem. Through sustained huge investment in technological innovation, TI Cloud has achieved comprehensive upgrades to its product R&D system and successful implementation of intelligent solutions. In 2024, we continued to strengthen our technological leadership through product and technological innovation. In 2024, our products maintained rapid iteration cycles with approximately weekly version releases, while achieving a system uptime of 99.99% (calculated as the percentage of time our systems were available for use and operation by customers during specified months). Our platform has operated for over 66 months without experiencing any system-wide failures.

AI-Driven Innovative Products

During the reporting period, TI Cloud upgraded its Weiteng large model into a more comprehensive intelligent agent open platform. On the Weiteng Agent Platform, our customers can effortlessly create various intelligent agents and seamlessly integrate them into business processes such as customer service and marketing, enabling human-machine collaboration and intelligent operations. In the era of large AI models, we champion the "Every Step with Agent" philosophy, introducing intelligent agent participation at every customer touch-point to enhance both service efficiency and quality.

Every Step With Agent - Integrating AI Agents into Every Business Flow



Powerful Functions

- During customer calls, our intelligent agents utilize speech recognition and intent analysis technologies to automatically determine call purposes, with common inquiries handled directly by AI, significantly reducing agent workload.
- For agent-assisted services, the system provides real-time conversation analysis, automatically comprehending issues and recommending solutions while generating structured service tickets from summarized key discussion points.
- In customer follow-ups, intelligent agents achieve substantially higher outreach coverage than manual operations, enabling comprehensive service experience evaluation.
- Intelligent agents can also support marketing applications including sentiment monitoring, trend identification, and opportunity discovery, delivering precise market intelligence for business decision-making.

Distinct Advantages

User-friendly interface

The platform features an intuitive graphical development environment, enabling customers to effortlessly build agent logic through simple operations, significantly lowering the adoption barrier.

Comprehensive knowledge base

Preloaded with extensive industry-specific knowledge repositories and conversation libraries, the platform accelerates vertical industry agent development, eliminating the need for costly ground-up training.

Open architecture

Through our large model gateway, the platform seamlessly integrates both our proprietary conversational AI models and third-party solutions, offering flexible model selection and hybrid deployment options to suit diverse business scenarios.

Deployment flexibility

For customers with stringent data privacy and regulatory requirements, the platform supports private cloud and hybrid cloud configurations, ensuring data security while maintaining cloud intelligence benefits.

Whole-process support

Our Weiteng team provides our customers with full lifecycle “escort” services from pre-sales, during sales to after-sales, covering solution consulting, platform training, project delivery, operation hosting and other aspects, ensuring that customers can quickly realize value monetization.

Trusted AI Development

To ensure the safety and compliance of AI models, the algorithms of Weiteng large model have been registered with the cybersecurity department. Additionally, TI Cloud preprocesses input data through sensitive word filtering. Regarding the review of AI-generated content, TI Cloud has implemented multiple measures. On one hand, in addition to the inherent security features of the large model, we also employ a content moderation system to automatically review AI-generated content, filtering or blocking illegal and inappropriate information. On the other hand, TI Cloud conducts manual spot checks on generated content to further ensure its safety and compliance.

Intellectual Property Management and Protection

TI Cloud regards intellectual property (IP) as a core component of corporate competitiveness. We recognize the importance of robust IP management in safeguarding innovation, enhancing market competitiveness, and mitigating legal risks. The Company strictly complies with relevant laws and regulations, including the Patent Law of the People's Republic of China and the Trademark Law of the People's Republic of China. In line with our specific circumstances, we have established an Intellectual Property Management System to ensure the integrity and security of IP assets. The Company continuously strengthens the application, management, protection, and utilization of intellectual property and implements proactive IP protection policies to effectively safeguard self-developed technologies while mitigating IP-related risks.

TI Cloud places high importance on respecting third-party intellectual property and has implemented a series of measures to ensure lawful and compliant operations. Through regular information searches, novelty checks, and infringement screenings, we leverage an early-warning system to avoid infringement risks and promptly prevent or reduce IP disputes. In the event of any identified infringement, we will handle the matter in accordance with laws and regulations to ensure compliance in all IP-related matters. Furthermore, TI Cloud actively fosters an innovation-driven environment, encouraging the inventive capabilities of our technical teams. By continuously refining our IP incentive mechanisms, we enhance the motivation for innovation and duly recognize and reward employees who contribute to the Company's technological advancements.

During the reporting period, we successfully obtained two invention patents and the software copyright for "TI Cloud AudioSocket Intelligent Voice Robot Platform", further solidifying our competitive edge in technological innovation and intellectual property.

Ensuring Information and Data Security

Robust Information Security Management System

TI Cloud has established a robust information security management system in strict compliance with regulations such as the Cybersecurity Law of the People's Republic of China, the Data Security Law of the People's Republic of China, and the Personal Information Protection Law, while also incorporating industry best practices. We have implemented a series of management policies, including the Information System Vulnerability Management Regulations, the TI Cloud Data Security Management Measures, and the TI Cloud Partner Data Security Management Guidelines, along with stringent internal management processes. As of the end of the reporting period, we have maintained valid ISO/IEC 27001 certification for our information security management system. Furthermore, to enhance our personal information protection capabilities and improve the security management of personally identifiable information (PII) in public cloud environments, TI Cloud successfully obtained ISO/IEC 27018:2019 certification for PII protection in public clouds during the reporting period. This achievement demonstrates our effective measures for safeguarding personal information and reinforces our commitment to protecting the privacy of customers and users. It further highlights our professionalism and compliance throughout the entire lifecycle of personal information management, including collection, storage, processing, transmission and disposal of personal information.

Product Lifecycle Security Management System

We recognize that information security is not achieved overnight, and it requires rigorous oversight at every stage, from product planning and development to operations. By embedding security requirements into every functional module and code-level detail of our products, we eliminate risks at their inception.

Product Planning — 1

- Conduct data security assessments concurrently during the initial product planning phase
- Identify potential sensitive information involved, including personal privacy data
- Develop targeted security measures such as data encryption and access control
- Adhere to the principle of data minimization to reduce unnecessary collection of sensitive data

Product Development — 2

- Follow secure development lifecycle (SDL) management
- Mitigate code-level security risks through secure coding standards and code audits
- Implement security mechanisms for encrypted data storage and transmission as per design requirements
- Conduct security testing prior to launch to verify compliance with all security requirements

Product Operation — 3

- Deploy security monitoring measures such as intrusion prevention and host monitoring
- Monitor data in real time for abnormal access, modifications, and other activities
- Detect suspicious data operations promptly through log audits

Information Security Culture Development

TI Cloud actively implements measures to standardize employees' usage of information systems and requires them to sign confidentiality agreements, ensuring their understanding and commitment to the Company's data security and confidentiality policies. We conduct regular training programs covering various aspects such as secure coding, security awareness, security skills, and specialized security topics. These initiatives not only enhance employees' understanding of information security but also strengthen their confidentiality awareness and technical competencies, effectively preventing cybersecurity incidents and mitigating potential risks. Such training helps foster a work environment with strong security awareness, ensuring all employees can protect sensitive data in their daily operations, thereby safeguarding our overall information security. During the reporting period, we participated in multiple external training programs organized by third-party institutions, covering dimensions including cybersecurity and privacy protection and digital transformation data governance. Concurrently, the Company also conducted internal training sessions such as the training on cybersecurity awareness and privacy protection and the training on information security risk assessment implementation standards. The organic integration of internal and external training has laid a solid foundation for building a robust security culture.

Cybersecurity Protection Measures

Vulnerability scanning

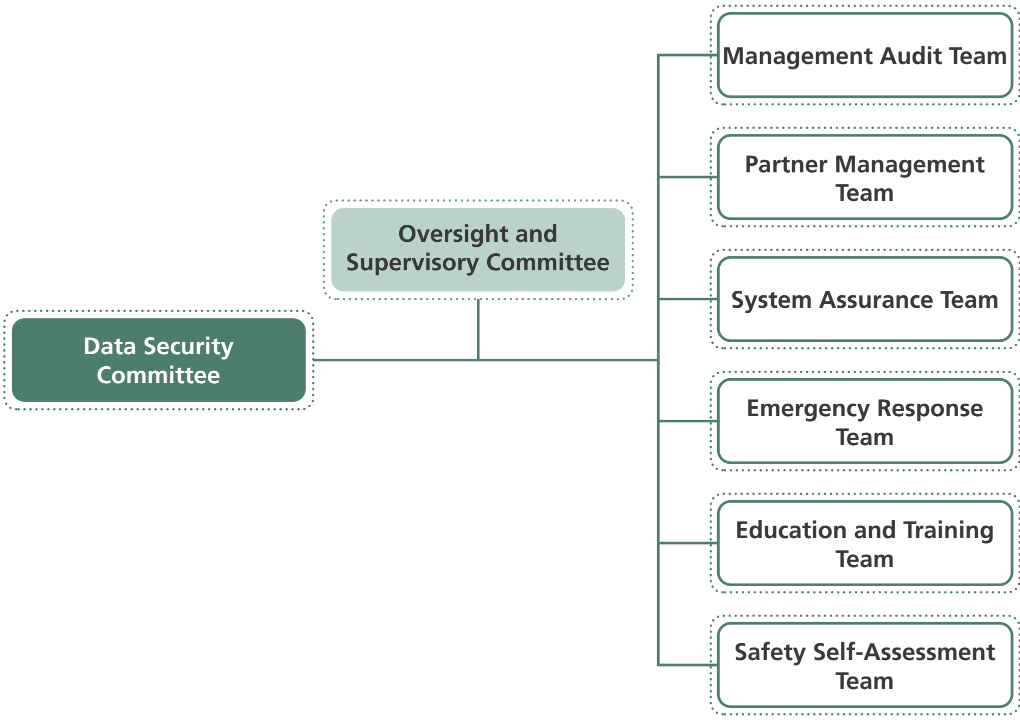
TI Cloud places high importance on security testing for its own systems and products, making vulnerability scanning a critical component of its cybersecurity management framework. We have established a periodic vulnerability scanning plan with differentiated strategies for different systems. Our public-facing systems are exposed to the internet undergo comprehensive scanning every two months, while our internal systems are scanned quarterly or semi-annually, depending on the sensitivity of the data they process.

Security audit

Security audit is the top priority of TI Cloud's information security management, and we hold the Class III Cybersecurity Level Protection Certification. TI Cloud divides security audits into two major parts: internal audit and external audit. The internal audit covers multiple dimensions, including evaluation and audit of its internal transaction behaviors; annual assessment of data security and cybersecurity policies to formulate annual security work plans and identify areas requiring strengthening; regular log audits; auditing the allocation and usage of operational permissions for product functions, with special attention to clearing account permissions of departed or transferred employees; and auditing the security policies of security components such as firewalls and Web application firewalls. The external audit mainly focuses on third-party institutions, including audits for relevant security certifications and targeted cooperation in conducting security audit work such as code audits and penetration testing. This comprehensive and multi-level security audit mechanism that balances both internal and external aspects provides strong protection for TI Cloud's data security.

Data Security Management Structure

To ensure effective implementation of data security management, we have established a comprehensive data security organizational structure, strengthened the development of our data security management system, and continuously optimized improvements. Furthermore, through the implementation of audit supervision and inspections, the Company has mitigated data security risks, ensuring lawful compliance and secure and stable business operations.

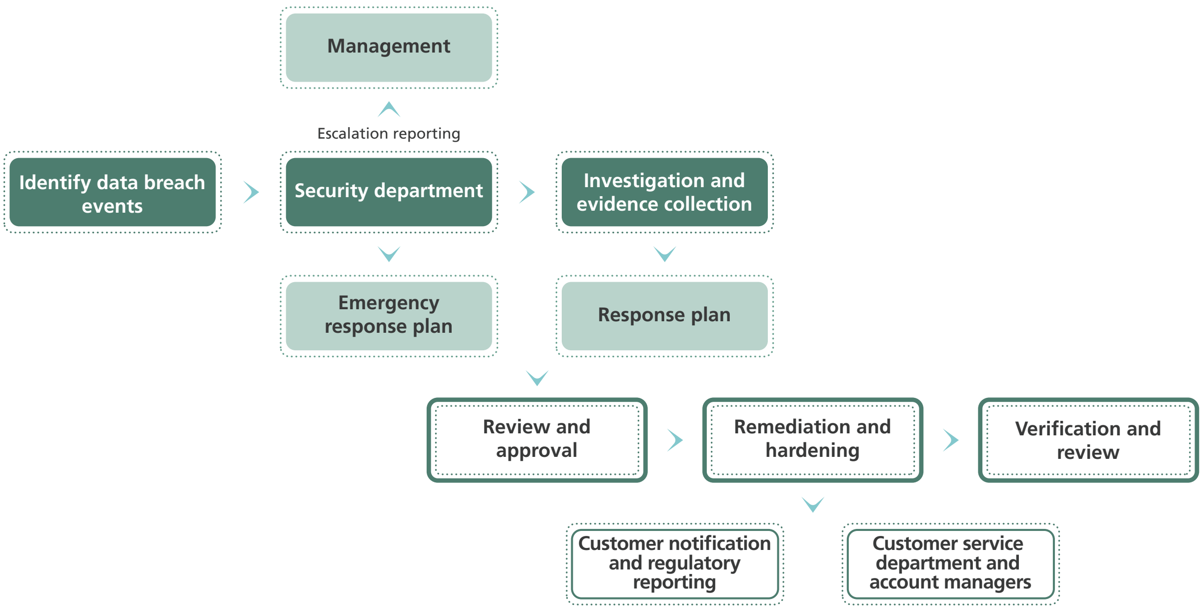


Data Classification Security Protection

TI Cloud places high importance on data security and has implemented a refined management approach through data classification. We categorize data into four levels based on sensitivity: Levels 4 and 3 are classified as sensitive data, while Levels 2 and 1 are considered general data. Corresponding control and protection measures are established for each data level to ensure systematic management. To adapt to internal and external environmental changes, we conduct an annual data classification review to reassess and adjust existing data levels. During the reporting period, we optimized the classification of certain data. Through this tiered classification system, TI Cloud can implement more precise and efficient measures to protect critical data, minimizing data security risks to the greatest extent.

Data Breach Emergency Handling

TI Cloud has established a complete three-phase data handling process. In the emergency response phase, we immediately launch the emergency response procedure to swiftly confirm and verify the incident, analyze the affected application systems, the magnitude of the breached data, and whether sensitive data is involved, and assess the handling priority. The containment and recovery phase aims to prevent the spread of the data breach, where relevant personnel take measures such as isolating infected assets, blocking related accounts, patching vulnerabilities, and enforcing offline repairs, further implementing actions to prevent data leakage, resuming operations as soon as possible, and promptly notifying regulators and customers. The post-incident phase includes incident reporting, review and formulation of reinforcement plans and implementation measures, and reporting the incident to the legal department. During the reporting period, no data breach incidents occurred.



Compliant Marketing

On marketing front, TI Cloud protects the interests of consumers and the public by consistently standardizing product promotion activities. We strictly adhere to laws and regulations such as the Advertising Law of the People's Republic of China, ensuring all advertising content complies with relevant policies and meets governmental and industry requirements and are free from concealment, misleading claims, or fraudulent elements.

Diverse Ecosystem Building

TI Cloud actively collaborates with stakeholders including government entities, value-chain enterprises, industry associations, customer companies, peer businesses, and standards-setting organizations to drive high-quality development in the digital industry.

Mutual Benefit and Shared Success

TI Cloud steadfastly upholds the development philosophy of open collaboration and mutual benefit, and actively engages with leading enterprises and top-tier technology companies across industries to jointly drive digital transformation and intelligent upgrading. To this end, TI Cloud has launched the "TI Cloud Elite Enterprise Program", and organized delegations to benchmark companies including ZBOM Home, SAIC Volkswagen, and Ant Group to exchange insights and best practices in digital transformation and AI applications.

Through ecosystem partnerships, TI Cloud shares its latest technological achievements with industry peers for joint innovation, collectively charting new frontiers in the AI era. Moving forward, TI Cloud will further expand collaborative platforms like the "TI Cloud Elite Enterprise Program" to connect premium resources across sectors, partnering to create new chapters of high-quality, sustainable development.

Case: TI Cloud Elite Enterprise Program

As a leader in the customized home furnishing industry, ZBOM Home has achieved remarkable results in intelligent manufacturing. During our visit to ZBOM Home, we focused on the theme of "how to drive end-to-end digital transformation centered on customer needs". Leveraging our technological strengths and service expertise, we provided valuable insights and inspiration for digital transformation in the home furnishing and other industries. This event also served as an excellent platform for cross-industry collaboration, enabling enterprises to establish connections and explore synergistic growth opportunities.

During the "Visit to Ant Group" event, TI Cloud explored how AI can deliver breakthrough growth in enterprise and customer operations. As a benchmark in fintech and digital transformation, Ant Group showcased cutting-edge practices in customer service, workforce management, and production operations. Through this engagement, we gained firsthand exposure to Ant Group's intelligent operations and learned from their experience in leveraging AI to drive business innovation.

The "Visit to SAIC Volkswagen" event highlighted how TI Cloud's AI-powered large models enable automakers to implement end-to-end solutions featuring full-scenario coverage, real-data-driven decision-making, and refined management, ultimately achieving operational closed loops. We also demonstrated smart applications for automotive digital marketing, including omni-channel consumer touch-point management and sales process optimization, such as integrated multi-channel customer service systems and cloud-based outbound call capabilities to intelligently track key sales metrics. These initiatives fully reflect TI Cloud's professional expertise in empowering automakers and diverse industries to realize digital transformation.

Industry Exchange

We are acutely aware of our responsibility and obligation to drive industry progress. We firmly believe that only through collaboration can we navigate the tides of change and propel the industry forward together.

Case: **AI Breakthrough • Collaborative Growth**

TI Cloud hosted the "AI Breakthrough • Collaborative Growth" summit, convening industry leaders to explore AI-driven growth opportunities for enterprises. The summit examined multiple dimensions including AI's role in enhancing customer understanding, optimizing marketing strategies and improving operational efficiency, and shared practical case studies from major corporations. TI Cloud showcased its AI solutions, including intelligent customer service and enterprise knowledge management systems, demonstrating their proven effectiveness in digital and intelligent transformation. Participating industry experts provided macro-level analysis of AI's transformative benefits such as efficiency gains, personalized experiences and innovation acceleration, and the future development trends in the AI ecosystem. This gathering of collective industry wisdom delivered forward-looking insights and actionable best practices to help businesses navigate growth challenges in the AI era.

Case: 2024 China Retail Innovation Summit

At the 2024 China Retail Innovation Summit, TI Cloud demonstrated its digital solutions for chain business scenarios and delivered a keynote speech titled "AI Agent Empowers Precision Operations in Service Middle Platforms". Leveraging advanced AI large model technology, TI Cloud has developed a chain business service middle platform focusing on enhancing user experience and optimizing operational efficiency. This platform achieves end-to-end digital service management through omnichannel seamless connectivity, centralized middle-platform management, and AI-powered intelligent applications, efficiently handling diverse business requirements and providing a solid foundation for precision operations in chain enterprises.

Building a Sustainable Supply Chain

Fulfilling environmental and social responsibilities requires comprehensive supply chain management. TI Cloud is committed to collaborating with suppliers to establish a more robust ecosystem, jointly strengthening supply chain resilience to provide a solid foundation for our long-term and stable development.

Optimizing Supplier Management

TI Cloud has established a sound supplier management system, and strictly adheres to the Procurement Management Policy and other relevant regulations to standardize critical processes including supplier qualification, evaluation, and exit mechanisms. This ensures efficient, transparent supplier management while continuously enhancing supply chain operational efficiency and compliance.

During supplier qualification, we prioritize industry-leading enterprises with authoritative certifications and PMP-certified professionals. In addition, TI Cloud implements a multidimensional evaluation system assessing price competitiveness, service quality, and product excellence to identify qualified suppliers that meet its standards. Once a supplier is included in our system, TI Cloud conducts regular assessments of their product quality and service standards through methods including collecting direct feedback from employees to ensure authentic and reliable evaluations. Based on this comprehensive data analysis, we evaluate supplier performance and determine future collaboration strategies. For suppliers failing to meet TI Cloud's requirements, we have established a robust exit mechanism with compliant and transparent procedures to safeguard overall supply chain quality.

Moreover, TI Cloud actively maintains two-way communication with supplier partners through well-established communication channels. We regularly provide suppliers with evaluation results and improvement suggestions, jointly discuss solutions to operational challenges, and develop practical optimization measures to achieve mutual growth. This collaborative approach enables swift adaptation to evolving market demands and business requirements.

Sustainable Supply Chain

In terms of supplier management, TI Cloud prioritizes not only product and service quality but also rigorously evaluates environmental and social risks. When procuring IT assets and office supplies, the Company preferentially selects suppliers with energy-saving and eco-certified products, demonstrating our commitment to environmental protection and social responsibility. Our partnered data centers extensively utilize photovoltaic power, wind energy, and energy storage technologies to achieve efficient conversion and utilization of green energy. Meanwhile, through innovative technological deployments featuring distributed renewable micro-grids, these data centers have significantly reduced reliance on traditional energy sources, thereby achieving substantial carbon emission reductions.

Premium Service

Service Philosophy and Achievements

TI Cloud's mission and vision reflect our commitment to building strong trust-based relationships in customer contact. To achieve this goal, we have established the Customer Service Duty Standards, ensuring all service operations align with three core objectives: fulfilling customer needs, optimizing experiences, and enabling customer success. During the reporting period, we integrated our customer service department with our technical support department, marking a major step in digital and intelligent transformation, including implementing standardized workflows and a knowledge base system, etc. Our customer satisfaction surveys revealed a 95.09% five-star rating, surpassing the 90% annual target. From process design to system architecture and customer agent training, TI Cloud's service demonstrates rigorous systematization and professionalism. This expertise forms the cornerstone of trust in our customer relationships.

Focusing on customer needs

Maintaining continuous focus on customer needs to ensure timely response and fulfillment of these requirements.

In-depth analysis of customer groups

Different customer groups may have distinct needs and expectations. The Company tailors services through thorough analysis to better satisfy each customer group.

Application of digital tools

Utilizing data analytics and other digital technologies to enhance customer service capabilities, thereby delivering faster and more accurate services.

Service capability enhancement

Continuous training and skill development for customer service teams to ensure they can meet diverse service requirements under various circumstances.

Service Assurance

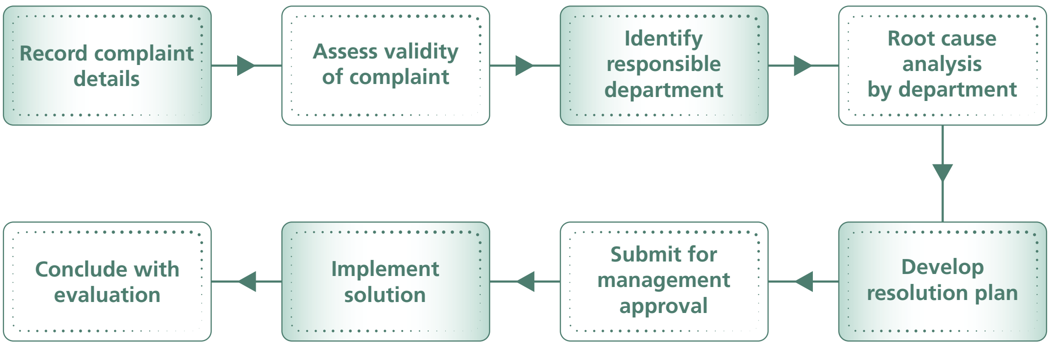
TI Cloud continuously expands its new customer base while strengthening relationships with existing customers. By entering into Service Level Agreements (SLAs) with customers, we lay a solid foundation for sustained business growth and provide comprehensive guarantees for achieving customer satisfaction.

TI Cloud has standardized its customer service processes by clearly defining the responsibilities of relevant functional departments and enabling cross-departmental collaboration to deliver high-quality services. During the reporting period, TI Cloud introduced communication channels including enterprise WeChat customer service and WeChat customer service, allowing customers to contact customer support through various means such as enterprise WeChat groups, WeChat groups, online ticketing systems and dedicated hotlines. For VIP customers, we provide enterprise WeChat customer service with dedicated technical support and customer success managers to deliver customized service solutions.

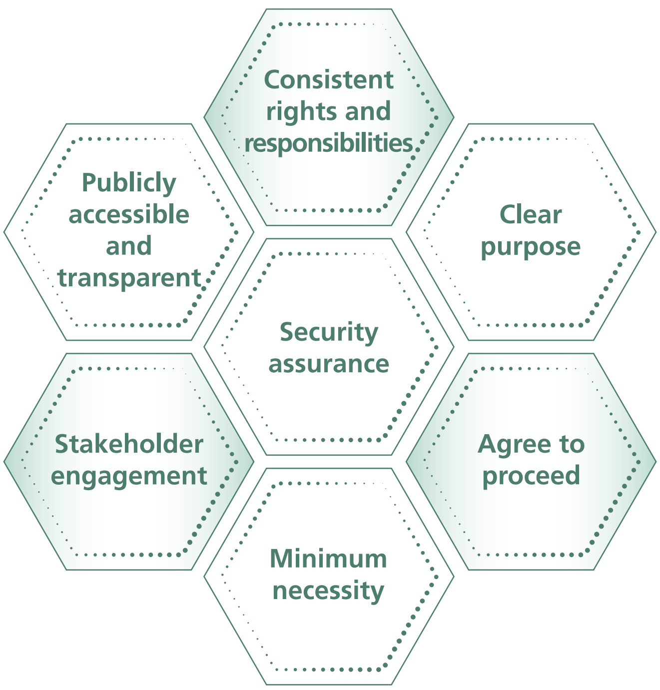
Customer feedback remains the top priority for our service improvement and upgrading initiatives. During the reporting period, we introduced self-service ticket inquiry and submission portals based on customer feedback, and established a “Help Center” on the product login page containing FAQs and relevant documentation to facilitate self-service issue resolution. TI Cloud is continuously enriching and improving the content of the “Help Center” to provide customers with more comprehensive self-service solutions.

Customer Complaint Handling

TI Cloud places utmost importance on customer experience regarding product usage and service delivery. In this regards, it has established a comprehensive complaint handling process to ensure prompt and effective resolution of complaints, continuously improve product quality and service standards, and thereby enhance customer satisfaction. Our customer service team strictly adheres to the complaint handling procedures, treats every customer feedback with high priority, responds to customer requests immediately, thoroughly investigates the root causes of issues, and swiftly formulates solutions. During the reporting period, all customer complaints were properly addressed with no major complaint incidents occurring.



Customer Privacy Protection



TI Cloud fully recognizes the importance of user personal information security, strictly complies with relevant national laws and regulations such as the Personal Information Protection Law of the People's Republic of China and the Information Security Technology – Personal Information Security Specification, and has established the Personal Information Protection Policy (Privacy Statement), committing to ensuring customer information security through enhanced privacy protection awareness and measures. When entering into contracts with customers, TI Cloud includes specific data and privacy security clauses stipulating data processing methods, enabling customers to understand how we collect, use, store and share their data, as well as how to control, update and protect such data.

User data is stored in multiple domestic data centers with backup provisions, all of which comply with local and national applicable laws. User data will not be provided to any third party or used for overseas business, except when required for government regulatory audits. User behavior logs are solely used for database operational status analysis and will not disclose personal information externally. TI Cloud explicitly stipulates that operation and maintenance personnel may only access and review user information with authorized consent. All operational activities on servers are recorded with dynamic replay support to ensure traceability.

During the reporting period, the Company did not experience any incidents involving breaches of customer privacy.

COMMIT TO GREEN DEVELOPMENT AND PRACTICE LOW-CARBON PRINCIPLES

TI Cloud has established a sound environmental management system based on its operational realities and in compliance with laws and standards such as ISO14001, the Environmental Protection Law of the People's Republic of China, and the Energy Conservation Law of the People's Republic of China. We conduct regular environmental risk management and organize company-wide environmental protection training and awareness initiatives, striving to progressively reduce the negative environmental impact of our operations. During the reporting period, we maintained the validity of our ISO 14001 environmental management system.

As of the end of the reporting period, the Company's energy and resource consumption primarily originated from office supplies, electricity, and water usage. Office electricity is supplied by the regional grid, and office water is sourced from municipal pipelines, with no abnormalities in water supply compliance. Our primary business operations do not involve the use of packaging materials, and the waste generated mainly consists of non-hazardous office waste and minimal hazardous waste.

Energy and Resource Management

In daily operations, TI Cloud's primary energy consumption derives from office electricity usage. We consistently adhere to the Energy Conservation Law of the People's Republic of China and other applicable regulations to effectively control energy consumption and greenhouse gas emissions, thereby achieving our sustainable development goals. To effectively implement energy conservation and emission reduction measures, TI Cloud organizes knowledge-sharing initiatives for all employees to enhance their energy-saving awareness. Energy-saving reminders are posted in internal online groups, urging staff to promptly turn off lighting, air conditioning, and other electrical equipment after use to prevent energy waste due to negligence and promote efficient energy utilization.

TI Cloud fully complies with water resource protection laws such as the Water Law of the People's Republic of China and the Water Pollution Prevention and Control Law of the People's Republic of China. Additionally, we have implemented various water-saving measures, including posting conservation notices in restrooms and drinking water areas to raise employee awareness, as well as strengthening daily management and regular maintenance of water facilities. Immediate repairs are arranged for dripping taps to prevent leaks and prolonged water flow wastage. To further enhance employees' water conservation awareness and skills, we plan to conduct a series of training activities in the future aimed at cultivating responsible water usage habits.

Waste Management

During the reporting period, TI Cloud generated minimal hazardous and non-hazardous waste. Hazardous waste included discarded batteries, while non-hazardous waste primarily consisted of general office refuse and paper waste from daily operations.

To further minimize waste generation, TI Cloud has digitized internal approval processes and advocates paperless operations to reduce paper consumption. For unavoidable paper usage, we actively promote recycling by placing dedicated paper collection bins in office areas, encouraging employees to reuse paper and maximize resource efficiency.

TI Cloud is committed to mitigating environmental impacts through proper waste disposal. All waste is segregated according to local classification requirements and transported to designated transfer stations for municipal treatment, facilitating recyclable material recovery. To address battery pollution, dedicated collection points ensure centralized and safe disposal of used batteries through certified processors.

Energy and Water Conservation Signage Posted in Office Areas

Climate Change Response

TI Cloud recognizes the profound impact of climate change on business and societal development. We have implemented a series of measures to address this global challenge. In alignment with China's "Dual Carbon" strategy, TI Cloud actively reduces greenhouse gas emissions across our operations and value chain through climate risk and opportunity management, energy conservation and carbon reduction initiatives, and digital transformation support. These efforts enhance our resilience to climate-related risks.

In accordance with the disclosure recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we conduct climate risk management across four pillars such as governance, strategy, risk management, and metrics/targets to mitigate the adverse impacts of climate change on our business.

Governance

TI Cloud has established a three-tier ESG governance structure comprising the Board of Directors, the ESG Committee, and the ESG Working Group to oversee ESG matters including climate change. For details, please refer to the section headed "ESG Governance" in this Report.

Strategies

TI Cloud has identified and managed climate-related risks and opportunities, while implementing corresponding preventive measures to mitigate the adverse impacts of climate risks on the Group.

Type of risk		Description	Solution	Estimated financial impact
Physical risk	Acute physical risk	Extreme weather events such as heavy rain, floods, typhoons, and snowstorms may disrupt the Company's business operations and affect its production capacity to a certain extent; at the same time, secondary disasters triggered by extreme weather may pose threats to personal safety and property security.	Maintain vigilance on extreme weather alerts and strengthen safety hazard inspections in key areas Develop extreme weather contingency plans to clarify response procedures and mitigation measures during disaster events Maintain effective communication with local governments Enhance management of operational facilities, including climate-appropriate reinforcement and regular maintenance	Increased capital costs (e.g., facility damage caused by natural disasters) Reduced output leading to lower revenue (e.g., transport disruptions or operational shutdowns due to typhoons and floods) Write-offs and early retirement of existing assets (e.g., asset impairment from natural disasters)

Type of risk		Description	Solution	Estimated financial impact
	Chronic physical risk	Changes in temperature and rainfall patterns may lead to chronic natural disasters, potentially exposing the Company to operational threats such as water scarcity and deteriorating working conditions.	Promote energy conservation and environmental protection to improve energy and water efficiency, reducing operational impact on the natural environment Encourage employees to adopt green and low-carbon commuting methods such as metro, cycling, and walking	Higher operational costs due to increased cooling and heating demands in office spaces Reduced output leading to lower revenue (e.g., declining productivity due to heat-related employee health impacts, or climate change-induced scarcity of essential resources) Increased capital costs (e.g., shortened equipment lifespan due to high humidity)
Transition risk	Policy and regulatory risk	With increasingly stringent environmental protection laws and regulations domestically and internationally, coupled with enhanced regulatory oversight, failure to meet statutory requirements may expose the Company to legal proceedings and penalties.	Maintain proactive monitoring of environmental and energy policies, laws, and regulations in the countries and regions where the industry operates Advocate for coordinated energy-saving and emission-reduction efforts across upstream and downstream supply chain partners Actively participate in energy conservation and emission reduction programs, further identifying emission sources and reducing the Company's own carbon footprint	Changes in output requirements (e.g., for waste disposal) may lead to higher production costs Increased costs due to fines (e.g., environmental non-compliance penalties) Rising insurance premiums (e.g., due to stricter environmental policies)
	Reputational risk	If the Company fails to address the reasonable expectations of stakeholders or demonstrates inadequate management in energy conservation and carbon reduction, its reputation may be adversely affected.	Respond actively to national initiatives such as "Carbon Peak" and "Carbon Neutrality" to support broader climate objectives Implement sustainable operational practices to facilitate the transition to a low-carbon economy Maintain efficient and constructive communication with stakeholders, progressively establishing and disclosing emission reduction targets	Poor ESG performance or reputation-damaging ESG incidents may reduce access to capital

Type of risk	Description	Solution	Estimated financial impact
Technological risk	Unsuccessful investments in new technologies, rising costs associated with low-carbon transition, and increased R&D expenditures may lead to reduced profitability, asset write-offs, early retirement of existing assets, and higher capital investments.	Stay abreast of advancements in low-carbon technologies, intensify R&D and innovation efforts, and explore decarbonization technologies	Increased R&D expenditures (e.g., developing new energy-efficient technologies)

Risk Management

TI Cloud attaches high importance to climate-related risks and opportunities, and plans to integrate climate risks into our risk management framework. During the year, we have identified climate-related risks potentially impacting our operations. Moving forward, we will prioritize risks by likelihood and severity through climate scenario analysis and response evaluations.

Indicators and Targets

Given our industry characteristics, TI Cloud's operations generate no waste gas or Scope 1 greenhouse gas emissions. Our carbon footprint solely comprises Scope 2 emissions from office electricity consumption. Therefore, TI Cloud is actively implementing energy conservation measures to enhance resource efficiency and reduce carbon emissions in Scope 2 "indirect energy-related emissions". In addition, we are developing reduction targets for Scope 3 "value chain-related emissions". During the reporting period, we strengthened Scope 3 emissions management by tracking and calculating carbon emissions from employees' air travel and waste disposal, establishing foundations for comprehensive Scope 3 carbon reduction initiatives.

We will conduct carbon audits to assess carbon emissions in our production and operations and provide data in supporting the establishment of specific reduction targets. In 2024, our carbon emissions originated primarily from Scope 2 and Scope 3 sources, with no direct carbon emissions from our production or operations. Scope 2 (indirect greenhouse gas emissions) totaled 180.47 tonnes CO_2e, principally from purchased electricity consumption. Overall, our carbon footprint originates mainly from electricity usage and business travel, which we will reduce through enhanced energy efficiency and optimized travel policies, including promoting high-speed rail, electric vehicles and other low-carbon transport alternatives to short-haul flights. For unavoidable business travel, we will implement carbon offset measures such as supporting forestation programs to offset emissions. Going forward, TI Cloud will reduce value-chain carbon footprints through product portfolio optimization and supply chain management. The Board and the ESG Committee will help establish quantified reduction targets with annual progress reviews.

NURTURE TALENTS AND DRIVE PROGRESS

TI Cloud recognizes employees as invaluable assets in implementing our sustainability strategy. Adhering to the "people-oriented" philosophy, we are committed to talent acquisition, development, and retention. The Company fully safeguards employees' rights, effectively prevents occupational hazards, and fosters a safe and healthy work environment. Furthermore, TI Cloud provides diversified career development platforms for employees, including clear promotion pathways and systematic training programs. These initiatives aim to enhance both personal and professional competencies, achieving mutually beneficial growth for the Company and its employees.

Employee Employment and Management

Upholding Compliant Employment Practices

As an enterprise with high sense of social responsibilities, TI Cloud strictly adheres to China's labor laws and regulations in its operations and comprehensively safeguards employees' legal rights. The applicable regulations include but are not limited to the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Employment Promotion Law of the People's Republic of China, the Social Insurance Law of the People's Republic of China, the Trade Union Law of the People's Republic of China, and the Work-Related Injury Insurance Regulations, along with other legal provisions concerning labor and employee rights, ensuring our internal management aligns closely with national policies.

To further implement regulatory requirements, the Company has established internal policies including the Employee Manual and developed a sound human resources management system to fully protect employees' rights. In daily operations, TI Cloud rigorously complies with labor standards, legally executes employment contracts with every employee, and effectively safeguards their lawful rights.

Meanwhile, TI Cloud prohibits all forms of child labor and forced labor. During recruitment, we strictly verify candidates' identification documents to ensure legally compliant hiring processes and prevent child labor employment. Should verified cases of child labor be identified, we will immediately terminate the employment contract and arrange for the individual's return to their place of origin under parental or legal guardianship. In the meantime, we implement leave management in accordance with national and local policies, and explicitly stipulate working hours and leave arrangements in employment contracts to guarantee employees' lawful rights to reasonable rest periods. During the reporting period, the Company recorded no instances of child labor or forced labor, demonstrating our steadfast commitment and high sense of responsibility in protecting labor rights.

Enhancing Recruitment Management

TI Cloud fully recognizes that the Company's sustainable development relies on the dedication and efforts of its workforce. During the reporting period, we continuously optimized recruitment processes, adopted diversified channels to attract top talents, and advanced the digitalization of recruitment systems to provide robust support for stable business growth.

Multi-channel talent acquisition

Aligning with market trends and business needs, the Company actively attracts outstanding professionals through various channels. We have continually improved recruitment mechanisms by utilizing online platforms such as Boss Zhipin and Liepin to post job openings, and digitized recruitment processes to enhance efficiency and convenience. Simultaneously, we strengthened efforts to attract industry specialists, injecting new momentum for high-quality corporate development.

Campus recruitment

During the reporting period, the Company further increased investment in campus recruitment, established partnerships with over 20 universities and participated in more than 10 campus job fairs. These events comprehensively showcased the Company's profile, cultural values, and career development plans, attracting enthusiastic participation from numerous students. Over 700 resumes were received, culminating in the successful hiring of more than 10 outstanding interns, revitalizing our talent pipeline.

Employee referral incentives

To further identify potential candidates, the Company vigorously promoted an internal referral system with multi-tiered rewards. For successful external referrals, referral bonuses are granted based on the candidate's position level and type. Additionally, if the referrer is the candidate's direct supervisor, the department receives team-building funds upon the candidate's on-boarding. We also implemented a points system for unsuccessful referrals, redeemable for prizes or bonuses, complemented by leaderboards to encourage participation. The top three referrers annually receive the "Year-end Talent Scout Awards", including honorary recognition and rewards in kinds for recognition of their contribution.

High-end talent recruitment policies

To attract and retain elite professionals, TI Cloud provides various supporting measures including providing assistance in application for residence permit, participation in Beijing's talent introduction program, and Beijing settlement quota applications. These policies effectively reduce administrative and lifestyle barriers during relocation, offering substantial support for seamless integration into both the Company and urban living environments.

TI Cloud will remain committed to its people-centric philosophy, refining talent acquisition mechanisms and enhancing recruitment experiences to attract and retain exceptional talents, fostering mutual growth for both the enterprise and its employees.

Respecting and Embracing Employee Diversity

TI Cloud is committed to fostering an inclusive, diverse, and equitable work environment. We provide equal opportunities and treatment regardless of age, gender, physical condition, marital or parental status, race, skin color, nationality, religion, sexual orientation, or other identity characteristics. With offices established in Beijing, Chengdu, Nanjing, Shanghai, Shenzhen, Guangzhou, and other cities, we attract talents from across China with diverse cultural backgrounds to collaborate and cultivate a multicultural work atmosphere. We respect differences and encourage innovation, enabling every employee to fully realize their potential and achieve personal growth on our expansive platform. As of the end of the reporting period, the Company employed a total of six employees with disabilities and 16 ethnic minority employees.

Case: **Program for Persons with Disabilities**

TI Cloud consistently upholds strong social responsibility and is committed to creating an inclusive and supportive work environment for persons with disabilities. We have implemented a comprehensive support program for persons with disabilities, and are committed to employing at least one person with disabilities per 100 employees. To achieve this goal, the Company not only ensures complete accessibility facilities in the workplace, but also provides customized work arrangements and career development plans for employees with disabilities to fully address their special needs and help them realize their potential and grow together with the Company.

Case: **Gender Diversity Initiative**

TI Cloud profoundly recognizes the significant importance of gender diversity in driving innovation and business success. As of the end of the reporting period, the proportion of female directors on our Board has reached 14.29%, further expanding the discourse power of female employees. Meanwhile, to balance gender ratios within teams, we have implemented a series of measures to increase the proportion of female programmers, including specially designed recruitment strategies, career development support, and flexible working conditions. These efforts aim to break gender preferences in the technology industry and ultimately achieve the goal of female employees accounting for at least one-third of the total programmer workforce. Additionally, the Company actively advocates for and encourages male employees to take paternity leave to alleviate childcare pressures on women. On specific holidays, we organize exclusive themed activities for female employees, such as the "Flourishing Goddess Festival, Unleashing Her Power" event held in 2024, fully demonstrating our respect and care for female employees.

Flourishing Goddess Festival, Unleashing Her Power

Open Communication and Collaborative Win-Win

TI Cloud fully understands that effective communication serves as the cornerstone for building mutual trust between an enterprise and its employees. To promptly and efficiently address employee needs, we adhere to establishing fair and transparent dialogue mechanisms, ensuring every employee's voice is heard through multi-dimensional communication channels. We consistently uphold the principles of open and transparent communication and place great emphasis on each employee's feelings and opinions.

To achieve this, we actively implement an all-staff participation mechanism to ensure the suggestions from our employees are fully considered and incorporated into final decision-making processes when updating or adjusting major policies. Through regular activities such as weekly meetings, monthly meetings, quarterly meetings, and operational analysis sessions, we further strengthen communication and collaboration between management and staff, attentively listen to employee needs and proactively provide feedback, demonstrating the Company's commitment to valuing every employee through its concrete actions.

During the reporting period, in order to gain a more comprehensive understanding of the needs and work conditions of our employees, we conducted an anonymous questionnaire survey titled "Employee Voice Feedback Session". This survey aimed to collect employee satisfaction levels and needs while encouraging them to freely express their genuine opinions. We also awarded employees who actively raised concerns, which not only motivated them to continue providing suggestions in the future but also helped us collectively drive the Company's positive development. Based on employee feedback, we conducted in-depth analysis, formulated targeted improvement measures, and regularly tracked implementation progress. Through this mechanism, we continuously optimize management processes, enhance employee experience, and further strengthen internal cohesion and satisfaction levels.

Compensation and Welfare

Employee Protection

TI Cloud consistently adheres to the principles of legal compliance, strictly observes relevant national and regional laws and regulations including the "Regulations on Paid Annual Leave for Employees" and the "Implementation Measures for Paid Annual Leave for Employees of Enterprises", and comprehensively safeguards employees' legitimate rights and benefits. The Company strictly implements labor contract management systems, makes timely social insurance and housing provident fund contributions for employees, and ensures full compliance with statutory obligations. Additionally, TI Cloud prioritizes employees' holistic well-being by providing diversified benefit protections, including paid leave, maternity leave, sick leave, and regular health check-ups, effectively enhancing employees' sense of happiness and belonging. As of the end of the reporting period, our labor contract signing rate and social insurance participation rate have both reached 100%, fully demonstrating the Company's strong commitment to employee rights and strict compliance with regulations.

Five social insurances and one housing fund	Pension insurance, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance, and housing provident fund
Paid leave	Statutory holidays, maternity leave, paternity leave, marriage leave, bereavement leave, paid sick leave, statutory annual leave, and compensatory leave
Welfare programs	Annual health check-ups, festival gifts, birthday parties and gifts, complimentary dinners, transportation reimbursements, and team-building activities

Performance and Incentive Policies

TI Cloud consistently adheres to goal-oriented resource allocation, capability-based selection and appointment, and performance-driven incentives and constraints to promote its high-quality development and continuous breakthroughs. To this end, we have established a series of policies including the "Technical Honor Incentive Management Measures".

To effectively implement the core values and further strengthen its cultural connotation, TI Cloud has comprehensively implemented "honor incentives" and related recognition activities. We have established a series of new employee awards, including the "Innovation Contribution Award" for specifically recognizing employees who have made outstanding contributions in the field of innovative development, and the "Excellence in Service Award" for acknowledging employees who have demonstrated outstanding performance in customer service positions, all reflecting our consistent commitment to the "customer-centric" value concept. Additionally, awards such as the "Stubborn Problem Solution Award" and the "Creative Idea Award" cover multiple positions and work scenarios, encouraging employees to practice corporate values from multiple dimensions.

To further unleash employees' potential, the Company continuously optimizes performance evaluation and incentive mechanisms. Through clear and transparent indicator systems and strong incentive measures, we maximize employee value contributions and ensure each employee's compensation matches their position, capabilities, performance, and contributions. Simultaneously, the Company has established a compensation incentive mechanism linked to business performance, continuously improving employees' income levels and achieving a virtuous cycle of mutual growth and win-win cooperation between employees and the Company.

We firmly believe that "honor incentives" are not just a concept but an important guideline for our daily practice. Through this system, every employee's efforts and achievements are recognized, which not only stimulates their enthusiasm and creativity but also promotes deep integration and inheritance of corporate culture. This initiative not only helps cultivate team cohesion and sense of mission but will also steadily advance the Company on the path to sustainable development.

Our Recognition Board and Activities

Caring for and Well-being of Employees

TI Cloud consistently regards employees as the most valuable asset and is committed to creating a harmonious and caring work environment where every employee feels respected and supported. We believe that a healthy and positive work mindset forms the foundation for mutual growth between our employees and us. Therefore, the Company continuously focuses on work-life balance and provides comprehensive protection and support through diversified employee care programs, further enhancing employees' sense of happiness and belonging, while fostering a warm and caring corporate culture.

Regarding employee care, the Company not only actively organizes team-building activities such as outdoor excursions and low-carbon cycling for physical and mental relaxation, but also innovates activity formats based on employee interests and needs, such as entertaining script-based activities, with continuous adjustments and optimizations according to employee feedback. Simultaneously, the Company encourages and supports employees to voluntarily establish and participate in diversified club activities to promote physical and mental health and team collaboration. Currently, the Company has successfully established multiple employee clubs including badminton club, basketball club and football club, providing platforms for interaction and enhancing team cohesion. During the reporting period, we also innovatively introduced minor holiday activities to enrich employees' daily work experience. For example, the Thanksgiving greeting card activity allowed employees to feel warmth and care from colleagues and the Company amidst busy work schedules. Moving forward, we will continue planning more entertaining and refreshing small-scale activities to help employees find emotional connections and spiritual comfort during demanding work, injecting sustained momentum for mutual development of the Company and its employees.

"Yearning for Life" Team-building Cycling Activity


Badminton Activity

Training and Development

TI Cloud remains committed to building a platform for mutual growth between employees and the Company. Through a comprehensive training and development system, we fully address employees' career needs while supporting the Company's long-term development. To this end, the Company has established and refined relevant regulations including the "Lecturer Management System", creating a transparent promotion mechanism that provides employees with diversified and equitable career paths.

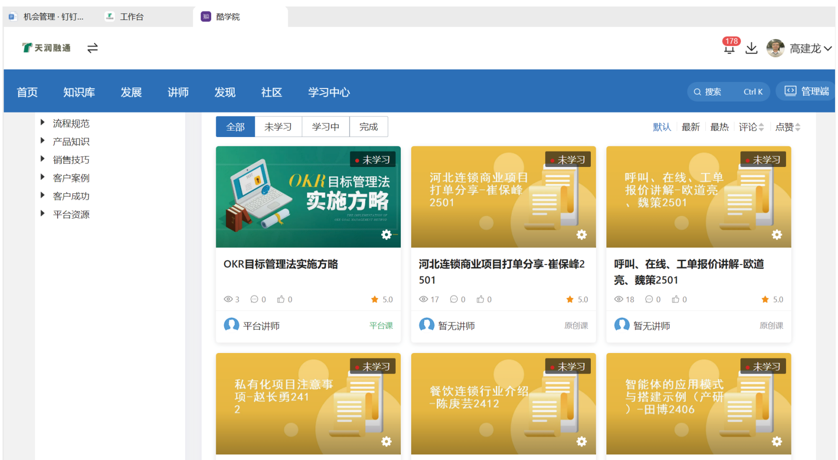
Promotion System and Evaluation Mechanism

To ensure fair and transparent promotion opportunities for all employees, TI Cloud has established a Promotion Assessment Committee comprising the CEO, deputy head of the business unit, general manager, and directors of the human resources and administration departments to review promotion qualifications. All candidates must meet five specified promotion criteria of the Company and secure support from 80% of committee members. Successful candidates enter a three-to-six-month probation period during which they undergo comprehensive evaluation by direct supervisors. Those who passed the assessment receive formal appointment approval from the human resources department; those who failed to pass the assessment may extend probation by six months, with failed reassessment resulting in promotion cancellation.

During the reporting period, TI Cloud implemented a clear and specific technical role promotion plan, further perfecting the career development system. This plan explicitly define junior-to-senior role classifications, providing transparent promotion pathways and benchmark standards based on performance, capability, and organizational contribution metrics, enabling employees to clearly understand skill requirements and performance targets at different stages.

Diversified Training Programs

TI Cloud actively expands employee training models by establishing a multidimensional talent development system combining "online + offline" and "internal + external" trainings to accommodate diverse learning needs and support skills enhancement. For new hires, our trainings cover corporate culture, business introductions, and policy explanations to facilitate rapid on-boarding. For our employees at various positions, course content spans multiple domains including robotic solutions, AI product case studies, and call center product upgrades as foundational training. We have also specially formulated the "Sales Learning Roadmap" to addresses various sales teams' skill requirements. In addition, information security training, as a mandatory course, achieves all-employee coverage, comprehensively strengthening the Company's digital transformation security capabilities. To enrich our learning content, the Company leverages the "Cool College" platform to enhance interactive functions, and encourages employees to share their insights, practical experiences and technical skills to foster knowledge exchange and create an open, collaborative learning environment. During the reporting period, the Company conducted over 800 hours of training activities, covering product knowledge, technical skills, information security, and soft skills. These systematic training activities have significantly improved employees' comprehensive competencies while accelerating talent development.



The "Cool College" Platform

Lecturer Development and Management Training

TI Cloud has established an internal lecturer incentive mechanism specifically designed to encourage qualified leaders and employees to actively participate in internal training programs and share their practical experience and skills such as office efficiency improvement techniques and innovative methodologies. This mechanism not only provides corresponding incentives to lecturers but also fosters employee interaction and learning through knowledge dissemination, further cultivating a positive work atmosphere.

During the reporting period, the Company invited the CEO to personally serve as lecturer, who conducted three specialized training sessions for management personnel. These sessions provided in-depth analysis and discussion on critical topics including leadership development, organizational management, decision-making thinking, team building, and corporate culture inheritance. These high-level training programs have significantly enhanced the professional competencies and decision-making capabilities of the management, while providing stronger leadership assurance for the Company's future development, whereby demonstrating TI Cloud's strong commitment and systematic planning for internal talent cultivation.

Health and Safety

TI Cloud consistently prioritizes employees' health and safety, fully implements relevant regulations including the "Occupational Disease Prevention and Control Law of the People's Republic of China", and continuously improves the occupational health management system. We regularly conduct testing and evaluation of occupational hazard factors in the working environment to ensure compliance with national and industry standards. During the reporting period, the Company recorded no violations of laws and regulations related to providing a safe working environment and protecting employees from occupational hazards, fully demonstrating our strong commitment to employees' health and safety.

To further enhance workplace safety, the Company has equipped office premises with first-aid kits, masks, alcohol-based sanitizers and other protective supplies, along with prominent safety signage to ensure employees can promptly access protection in emergencies. Additionally, the Company actively implements emergency management and fire safety requirements by regularly participating in fire evacuation drills, aiming to strengthen employees' crisis prevention awareness and self-rescue capabilities, thereby improving overall safety management through preventive measures.

Regarding occupational health protection, TI Cloud has established and implemented management protocols including the "Occupational Hazard Prevention Responsibility System" in accordance with relevant laws and industry standards, progressively building a comprehensive health and safety protection system covering safety training, occupational health check-ups, personal protective equipment distribution and specialized training. During the reporting period, we achieved fully paperless health check-ups for the first time, significantly improving efficiency and convenience while demonstrating our commitment to environmental sustainability. These check-ups provided employees with more comprehensive health status awareness and enhanced health consciousness, enabling them to work with better physical and mental conditions.

During the reporting period, TI Cloud recorded zero workplace injuries or significant property loss incidents, reflecting the Company's outstanding performance in occupational health and safety management. Moving forward, the Company will continue strengthening relevant management mechanisms to promote deeper development of health and safety culture, providing employees with safer and healthier working conditions to support mutual achievement of sustainable development goals.

Key Performance Indicators	Unit	2024	2023	2022
Number of work-related fatalities	person	0	0	0
Work-related fatality rate	%	0	0	0
Total working days lost due to occupational injuries	day	0	0	0

Our Health Check-up Promotion Poster

WORK TOGETHER TO FULFILL SOCIAL RESPONSIBILITY

TI Cloud remains actively committed to social responsibility by channeling our developmental achievements back into society. We proactively engage in public welfare initiatives to support rural revitalization, demonstrating our dedication to sustainable social development through concrete actions.

Public Welfare Engagement

TI Cloud consistently fulfills its corporate social responsibility through practical actions, demonstrating compassion and contributing to society while continuously supporting the development of public welfare causes. During the reporting period, the Company further strengthened volunteer services and public welfare project development. We not only encourage employees to actively participate in community service but also plan to introduce a volunteer point reward system. This system will calculate points based on employees' service duration and contribution level in public welfare activities, which can be redeemed for our internal rewards or benefits, thereby enhancing their enthusiasm and motivation for philanthropic participation.

Concurrently, the Company will also establish a "Best Volunteer" recognition program to honor employees demonstrating outstanding performance in volunteer services and further establish role models to inspire broader staff participation. TI Cloud plans to increase resource allocation and budgetary support for public welfare projects while continuously improving relevant systems to ensure expanding influence and coverage of these initiatives.

TI Cloud firmly believes that participating in public welfare not only promotes harmonious social development but also facilitates employees' personal growth through contribution, thereby fostering a more compassionate and responsible corporate culture. We will continue striving to create more positive social influence, progressing together with our employees and society.

LIST OF ESG INDICATORS

Environmental

	Unit	2024/25	2023/24
Air pollution emissions			
Nitrogen oxides ("**NOx**")	kg	0	0
Sulfur oxides ("**SOx**")	kg	0	0
Particulate matter ("**PM**")	kg	0	0
GHG emissions			
Scope 1 – Direct GHG emissions[1]	tCO_2e	0	0
Scope 2 – Indirect GHG emissions[2]	tCO_2e	180.47	171.03
Scope 3 – Other indirect emissions (business travel[3])	tCO_2e	121.07	74.62
Total GHG emissions	tCO_2e	301.54	245.65
GHG emission intensity	tCO_2e/million revenue	0.60	0.55
Waste			
Hazardous waste			
Hazardous waste generated	tonnes	0	0
Hazardous waste generation intensity	tonnes/million revenue	0	0
Non-hazardous waste			
Waste paper[4]	tonnes	0.97	1.13[5]
Non-hazardous waste generation intensity	tonnes/million revenue	0.0019	0.0025
Energy consumption			
Direct energy consumption	kWh	0	0
Indirect energy consumption			
Purchased electricity[6]	kWh	336,327.00	299,892.00
Total energy consumption	tce	41.33	36.90
Energy consumption Intensity	tce/million revenue	0.08	0.08

1 TI Cloud owns no vehicles, and Scope 1 greenhouse gas emissions are therefore reported as zero in actual operations.

2 Emission factors for Scope 2 indirect GHG emissions are sourced from China's National Greenhouse Gas Emission Factor Database.

3 Business travel data covers air travel only, calculated using methodology provided by the International Civil Aviation Organization (ICAO).

4 Waste paper estimates reference the study 'Classification Practices and Data Analysis of Typical Office Waste' published by the Education Center of the Ministry of Ecology and Environment.

5 Restated data

6 During the reporting period, the Company established new office premises, leading to an expansion and refinement of our data coverage scope. This enhancement enables more comprehensive disclosures that better reflect operational realities. The enlarged statistical boundaries may cause minor variances in certain key performance indicators when compared to previous reports.

	Unit	2024/25	2023/24
Water resources			
Purchased bottled water	tonnes	136.19	95.70
Municipal water supply	tonnes	\[7]	10.50
Total water withdrawal	tonnes	136.19	106.20
Water use density	tonnes/million revenue	0.27	0.24

Social

Employee		2024/25	2023/24
Total number of employees	person	506	588
By gender			
Male	person	344	407
Female	person	162	181
By age group			
Under 30 years old	person	251	278
30 to 50 years old	person	247	301
51 years old or above	person	8	9
By category of employee			
Full-time	person	506	588
Part-time	person	0	0
By geographical region			
Mainland China	person	506	588
Turnover rate[8]			
Overal turnover rate	%	37	30[9]
By gender			
Male	%	38	31
Female	%	36	29

7 As water charges for our offices are included in property management charges, we are unable to collect and disclose specific usage records.

8 Employee turnover rate is calculated as total departures during the reporting year/(the average of opening headcount + closing headcount) × 100%

9 Restated data

Employee		2024/25	2023/24
By age group			
Under 30 years old	%	39	38
30 to 49 years old	%	36	23
50 years old or above	%	8	12
By geographical region			
Mainland China	%	37	30
Employee training			
Percentage of trained employees	%	91	100
By gender			
Male	%	71	69
Female	%	29	31
By category of employee			
Senior management	%	2	2
Middle management	%	13	10
General employee	%	85	88
Average training hours per employee	hour	6.1	2.0
By gender			
Male	hour	6.1	2.0
Female	hour	6.0	2.0
By category of employee			
Senior management	hour	3.0	2.0
Middle management	hour	2.0	2.0
General employee	hour	6.8	2.0
Supply chain			
Total number of suppliers	number	444	422
By geographical region			
Mainland China	number	422	405
Hong Kong, Macau, Taiwan and overseas	number	22	17

ESG CONTENT INDEX

Aspect	Indicators	Particulars	Location
A. Environmental			
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	COMMIT TO GREEN DEVELOPMENT AND PRACTICE LOW-CARBON PRINCIPLES
	A1.1	The types of emissions and respective emissions data.	Waste Management
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Indicators and targets
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management
	A1.5	Description of emission target(s) set and steps taken to achieve them.	Indicators and targets
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Waste Management

Aspect	Indicators	Particulars	Location
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Energy and Resource Management
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (in MWh) and intensity (e.g. per unit of production volume, per facility).	Energy and Resource Management
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Energy and Resource Management
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Energy and Resource Management
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	N/A, the Company faces no challenges in water sourcing for its operations
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Our business operations do not involve the use of packaging materials
A3: Environment and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Energy and Resource Management
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Energy and Resource Management
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change Response
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change Response

Aspect	Indicators	Particulars	Location
B. Social			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, holidays, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	NURTURE TALENTS AND DRIVE PROGRESS
	B1.1	Total workforce by gender, employment type (for example, full or part-time), age group and geographical region.	LIST OF ESG INDICATORS
	B1.2	Employee turnover rate by gender, age group and geographical region.	LIST OF ESG INDICATORS
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
	B2.2	Lost days due to work injury.	Health and Safety
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for performing duties at work. Description of training activities.	Training and Development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Training and Development
	B3.2	The average training hours completed per employee by gender and employee category.	Training and Development
B4: Labor Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Upholding compliant employment practices
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	Upholding compliant employment practices
	B4.2	Description of steps taken to eliminate such practices when discovered.	Upholding compliant employment practices

Aspect	Indicators	Particulars	Location
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Building a Sustainable Supply Chain
	B5.1	Number of suppliers by geographical region.	Building a Sustainable Supply Chain
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Building a Sustainable Supply Chain
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Building a Sustainable Supply Chain
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Building a Sustainable Supply Chain
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Persistent in Technological Innovation, Committed to Excellence in Quality
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A, our business operations do not involve physical product manufacturing activities
	B6.2	Number of products and services related complaints and how they are dealt with.	Premium Service
	B6.3	Description of practices related to observing and protecting intellectual property rights.	Intellectual property management and protection
	B6.4	Description of the quality assurance process and product recall procedures.	N/A, our business operations do not involve physical product manufacturing activities
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Ensuring Information and Data Security

Aspect	Indicators	Particulars	Location
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Compliant Operation and Business Ethics
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Compliant Operation and Business Ethics
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Compliant Operation and Business Ethics
	B7.3	Description of anti-corruption training provided to directors and staff.	Compliant Operation and Business Ethics
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Work together to fulfill social responsibility
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Work Together to Fulfill Social Responsibility
	B8.2	Resources contributed (e.g. money or time) to the focus area.	Work Together to Fulfill Social Responsibility

EY 安永

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

OPINION

We have audited the consolidated financial statements of TI Cloud Inc. (the "Company") and its subsidiaries (the "Group") set out on pages 145 to 233, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

KEY AUDIT MATTERS (continued)

Key audit matters	How our audit addressed the key audit matters
Impairment of trade receivables and contract assets	
As at 31 December 2024, the carrying amounts of the Group's trade receivables and contract assets before impairment were approximately RMB125,731,000 and RMB1,183,000 respectively, and the Group was exposed to credit risks arising therefrom. The Group recognises impairment allowances of trade receivables and contract assets based on the expected credit loss ("ECL") approach under IFRS 9 *Financial Instruments*. The measurement of ECL requires the application of significant judgement and estimates. The Group uses a provision matrix to assess the ECL, and the provision rates are based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the economic environment, where applicable. Relevant disclosures are included in notes 2.4, 3, 17 and 18 to the financial statements.	We performed the following procedures to address the impairment of trade receivables and contract assets: • Assessed, on a sample basis, whether items in the ageing reports of trade receivables and contract assets were classified within the appropriate ageing categories; • Evaluated the ECL determined by the Group management by examining, on a sample basis, the information used to form such judgement and estimates, including the historical credit loss information and forward-looking factors; • Evaluated the impairment provision of trade receivables by reference to the Group's subsequent collection; and • Evaluated the adequacy of the relevant disclosures in the financial statements.
Impairment of goodwill	
As at 31 December 2024, the carrying amount of the Group's goodwill was approximately RMB97,852,000. In accordance with International Accounting Standard 36 *Impairment of Assets*, the Group is required to test the amount of goodwill for impairment annually. The impairment test involved management's material judgement and estimates, such as expected revenue growth rates, discount rates and perpetual growth rates. Relevant disclosures are included in notes 2.4, 3 and 15 to the financial statements.	We performed the following procedures to address the impairment of goodwill: • Assessed the reasonableness of expected revenue growth rates by making enquiries with management and with reference to historical information and industry development expectations; • With the assistance of our internal valuation specialists, examined the valuation methodologies and evaluated the assumptions and estimates used, including the discount rates and the perpetual growth rates; • Checked the mathematical accuracy of management's valuation schedules; and • Evaluated the adequacy of the relevant disclosures in the financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

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

Ernst & Young
Certified Public Accountants
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong
28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	**2024** **RMB'000**	2023 RMB'000
REVENUE	5	**506,355**	446,846
Cost of sales		**(243,959)**	(232,070)
Gross profit		**262,396**	214,776
Other income and gains	5	**11,828**	15,742
Selling and distribution expenses		**(111,430)**	(110,119)
Administrative expenses		**(38,829)**	(30,726)
Research and development expenses		**(82,264)**	(91,794)
Impairment losses on financial and contract assets, net		**(4,636)**	(5,685)
Other expenses and losses		**(1,203)**	(726)
Finance costs	7	**(469)**	(504)
PROFIT/(LOSS) BEFORE TAX	6	**35,393**	(9,036)
Income tax credit/(expense)	10	**(1,393)**	405
PROFIT/(LOSS) FOR THE YEAR		**34,000**	(8,631)
EARNINGS/(LOSS) PER SHARE			
Basic and diluted (RMB cents)	12	**19.55**	(4.96)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
PROFIT/(LOSS) FOR THE YEAR	**34,000**	(8,631)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of a subsidiary not operating in Mainland China	**(3,889)**	189
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	**5,176**	3,371
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**1,287**	3,560
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**35,287**	(5,071)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**1,876**	2,010
Right-of-use assets	14(a)	**8,670**	12,000
Goodwill	15	**97,852**	99,544
Other intangible assets	16	**11,725**	12,813
Prepayments, other receivables and other assets	20	**552**	2,168
Financial investments	21	**3,379**	–
Restricted cash	22	**168**	–
Long-term time deposits	22	**35,452**	–
Deferred tax assets	26	**3**	1,396
Total non-current assets		**159,677**	129,931
CURRENT ASSETS			
Trade and bills receivables	17	**107,364**	89,862
Contract assets	18	**1,120**	4,464
Contract costs	19	**5,122**	8,545
Prepayments, other receivables and other assets	20	**24,802**	24,952
Prepaid tax		**–**	20
Financial investments	21	**70,201**	50,087
Restricted cash		**2,405**	670
Cash and bank deposits	22	**274,407**	298,075
Total current assets		**485,421**	476,675
CURRENT LIABILITIES			
Trade payables	23	**28,744**	26,957
Contract liabilities	24	**51,894**	45,844
Other payables and accruals	25	**46,509**	49,563
Lease liabilities	14(b)	**6,336**	7,103
Tax payable		**1,280**	1,204
Total current liabilities		**134,763**	130,671
NET CURRENT ASSETS		**350,658**	346,004
TOTAL ASSETS LESS CURRENT LIABILITIES		**510,335**	475,935

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2024

	Notes	**2024** **RMB'000**	2023 RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities	14(b)	**2,045**	4,478
Deferred tax liabilities	26	**837**	1,092
Total non-current liabilities		**2,882**	5,570
Net assets		**507,453**	470,365
EQUITY			
Share capital	27	**114**	114
Treasury shares	27	**(576)**	–
Reserves	29	**507,915**	470,251
Total equity		**507,453**	470,365

WU Qiang
Director

PAN Wei
Director

CONSOLIDTAED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Notes	Share capital RMB'000	Treasury shares RMB'000	Share premium* RMB'000	Capital reserve* RMB'000	Share-based payment reserve* RMB'000	Reserve funds* RMB'000	Exchange fluctuation reserve* RMB'000	Retained profits* RMB'000	Total RMB'000
At 1 January 2024		114	–	247,984	95,790	3,978	27,719	13,213	81,567	470,365
Profit for the year		–	–	–	–	–	–	–	34,000	34,000
Other comprehensive income for the year:										
Exchange differences on translation of the Company and a subsidiary not operating in Mainland China		–	–	–	–	–	–	1,287	–	1,287
Total comprehensive income for the year		–	–	–	–	–	–	1,287	34,000	35,287
Equity-settled share-based payment arrangements	28	–	–	–	–	2,377	–	–	–	2,377
Shares repurchased	27	–	(576)	–	–	–	–	–	–	(576)
Transfer from retained profits		–	–	–	–	–	346	–	(346)	–
At 31 December 2024		114	(576)	247,984	95,790	6,355	28,065	14,500	115,221	507,453

CONSOLIDTAED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Note	Share capital RMB'000	Treasury shares RMB'000	Share premium* RMB'000	Capital reserve* RMB'000	Share-based payment reserve* RMB'000	Reserve funds* RMB'000	Exchange fluctuation reserve* RMB'000	Retained profits* RMB'000	Total RMB'000
At 1 January 2023		114	–	247,984	95,790	106	27,499	9,653	90,418	471,564
Loss for the year		–	–	–	–	–	–	–	(8,631)	(8,631)
Other comprehensive income for the year:										
Exchange differences on translation of the Company and a subsidiary not operating in Mainland China		–	–	–	–	–	–	3,560	–	3,560
Total comprehensive loss for the year		–	–	–	–	–	–	3,560	(8,631)	(5,071)
Equity-settled share-based payment arrangements	28	–	–	–	–	3,872	–	–	–	3,872
Transfer from retained profits		–	–	–	–	–	220	–	(220)	–
At 31 December 2023		114	–	247,984	95,790	3,978	27,719	13,213	81,567	470,365

* These reserve accounts comprise the consolidated reserves of RMB507,915,000 (2023: RMB470,251,000) in the consolidated statement of financial position as at 31 December 2024.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**35,393**	(9,036)
Adjustments for:			
Finance costs	7	**469**	504
Interest income	5	**(8,126)**	(7,464)
Investment income	5	**(1,783)**	(1,664)
Fair value losses/(gains) on financial investments at fair value through profit or loss, net	5,6	**169**	(87)
Loss on disposal/write-off of property, plant and equipment	6	**61**	28
Loss/(gain) on early termination of leases	5,6	**(84)**	24
Depreciation of property, plant and equipment	6	**932**	1,319
Depreciation of right-of-use assets	6	**7,402**	8,169
Amortisation of other intangible assets	6	**3,176**	3,034
Impairment of financial and contract assets, net	6	**4,636**	5,685
Write-off of prepayments	6	**–**	434
Equity-settled share-based payment expense	28	**2,377**	3,872
		44,622	4,818
Increase in trade and bills receivables		**(19,484)**	(4,158)
Decrease/(increase) in contract assets		**150**	(658)
Decrease in contract costs		**3,423**	3,428
Decrease/(increase) in prepayments, other receivables and other assets		**2,647**	(7,187)
Increase/(decrease) in trade payables		**1,787**	(2,054)
Increase in contract liabilities		**6,050**	8,864
Increase/(decrease) in other payables and accruals		**(2,054)**	17,562
Increase in restricted cash		**(1,903)**	(670)
Effect of foreign exchange rate changes, net		**1,575**	(6,346)
Cash generated from operations		**36,813**	13,599
Interest received		**927**	–
Interest paid		**(469)**	(504)
Mainland China corporate income tax refunded/(paid), net		**(159)**	422
Net cash flows from operating activities		**37,112**	13,517

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**6,586**	6,608
Purchases of property, plant and equipment	13	**(874)**	(831)
Proceeds from disposal of property, plant and equipment		**15**	24
Purchases of other intangible assets	16	**(2,088)**	(721)
Acquisition of a subsidiary	30(a)	**–**	(41,900)
Acquisition of a business	30(b)	**(1,000)**	(11,800)
Placement of time deposits with original maturity over three months when acquired		**(380,987)**	(241,015)
Withdrawal of time deposits with original maturity over three months when acquired		**337,750**	271,907
Investment in financial investments at fair value through profit or loss		**(3,553)**	–
Purchases of financial investments at fair value through profit or loss		**(250,000)**	(185,000)
Proceeds from disposal/maturity of financial investments at fair value through profit or loss		**246,385**	161,835
Purchase of financial investments at amortised cost		**(40,000)**	(50,000)
Proceeds from disposal/maturity of financial investments at amortised cost		**25,353**	65,715
Net cash flows used in investing activities		**(62,413)**	(25,178)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repurchase of shares	27	**(576)**	–
Principle portion of lease payments	31(b)	**(7,188)**	(7,623)
Net cash flows used in financing activities		**(7,764)**	(7,623)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(33,065)**	(19,284)
Cash and cash equivalents at beginning of year		**169,472**	188,406
Effect of foreign exchange rate changes, net		**172**	350
CASH AND CASH EQUIVALENTS AT END OF YEAR		**136,579**	169,472

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**100,760**	123,410
Short-term deposits		**35,000**	37,000
Short-term time deposits		**138,647**	137,665
Cash and bank deposits as stated in the consolidated statement of financial position	22	**274,407**	298,075
Less: short-term time deposits with original maturity of over three months when acquired		**(137,828)**	(128,603)
Cash and cash equivalents as stated in the consolidated statement of cash flows		**136,579**	169,472

1. CORPORATE INFORMATION

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

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

Information about subsidiaries

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

Name	Place and date of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
TI Cloud (HK) Limited ("TI HK")	Hong Kong 16 April 2021	HK$1	100	–	Investment holding
TI Cloud (Beijing) Technology Co., Ltd. @^* ("WFOE") (天潤云(北京)科技有限公司)	People's Republic of China ("PRC")/ Mainland China 28 April 2021	USD50,000,000	–	100	Investment holding
Beijing T&I Net Communication Technology Co., Ltd. #^* ("T&I Net Communication") (北京天潤融通科技股份有限公司)	PRC/Mainland China 23 February 2006	RMB51,660,000	–	100	Sales of customer contact solution software and related services and products, provision of technology support services, and research and development of communication software
Beijing Xunchuan Rongtong Technology Co., Ltd. ^* ("Xunchuan Rongtong Technology") (北京迅傳融通科技有限公司)	PRC/Mainland China 22 October 2007	RMB10,000,000	–	100	Sales of customer contact solution software and related services and products, and provision of technology support services
Shanghai Tianrun Rongtong Information Technology Co., Ltd. ^* ("Shanghai TianrunRongtong") (上海天潤融通信息科技有限公司)	PRC/Mainland China 21 November 2012	RMB10,000,000	–	100	Provision of technology support services

1. CORPORATE INFORMATION (continued)

Information about subsidiaries (continued)

Name	Place and date of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Shanghai Xinfeng Information Technology Co., Ltd. ^* ("Xinfeng Information Technology") (上海欣峰信息科技有限公司)	PRC/Mainland China 24 April 2012	RMB10,000,000	–	100	Provision of technology support services
Nanjing Guanxun Information Technology Co., Ltd. ^* ("Guanxun Information Technology") (南京冠迅信息科技有限公司)	PRC/Mainland China 26 April 2018	RMB10,000,000	–	100	Research and development of customer contact solution
Chengdu Tianrun Golden Armor Technology Co., Ltd. ^* ("Tianrun Golden Armor") (成都天潤金鎧甲科技有限公司)	PRC/Mainland China 7 December 2022	RMB20,000,000	–	100	Sales of customer contact solution software and related services and products, provision of technology support services, and research and development of communication software
Beijing Yizhang Yunfeng Technology Co., Ltd. ^* ("Yizhang Yunfeng") (北京易掌雲峰科技有限公司)	PRC/Mainland China 27 April 2013	RMB63,550,211	–	100	Sales of customer contact solution software and related services and products, provision of technology support services, and research and development of communication software

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

@ This company is registered as a wholly-foreign-owned enterprise under PRC law.

^ These companies are registered as limited liability enterprises under PRC law, except for T&I Net Communication which is registered as a joint stock limited enterprise under PRC law.

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

1. CORPORATE INFORMATION (continued)

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

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

Contractual arrangements

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has ability to affect those returns through its power over the investee (i. e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

2. ACCOUNTING POLICIES (continued)

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2. ACCOUNTING POLICIES (continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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 the impact of the revised IFRSs 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.

2. ACCOUNTING POLICIES (continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(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. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2] (the "May 2024 Amendments")
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[2] (the "December 2024 Amendments")
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IAS 21	*Lack of Exchangeability*[1]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

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

2. ACCOUNTING POLICIES (continued)

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

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRSs. IFRS 18 and the consequential amendments to other IFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRSs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19. Some of the Company's subsidiaries are considering the application of IFRS 19 in their specified financial statements.

2. ACCOUNTING POLICIES (continued)

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

The May 2024 Amendments to IFRS 9 and IFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

The December 2024 Amendments clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. Under the amendments, the sale of unused nature-dependent electricity will be in accordance with an entity's expected purchase or usage requirements provided that specified criteria are met. The amendments will allow an entity to designate a variable nominal volume of forecast electricity transactions as a hedged item, if specified criteria are met. Early adoption is permitted. The amendments are not expected to have significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

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

2. ACCOUNTING POLICIES (continued)

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

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES

Business combinations and goodwill

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

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

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

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

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

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

Fair value measurement

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

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

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

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

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

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required (other than contract assets, contract costs and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

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

Related parties

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

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

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

or

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Related parties (continued)

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

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

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

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

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

Leasehold improvements	Over the shorter of the lease terms and 33⅓%
Office equipment	19% to 33⅓%
Electronics equipment	19% to 33⅓%
Motor vehicles	19%

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

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

Intangible assets (other than goodwill)

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

Research and development costs

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

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Research and development costs (continued)

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

Other intangible assets

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

Software	10% to 33⅓%
Franchise right	20%
Brand name	20%

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Buildings	2 to 3 years

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

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(b) Lease liabilities

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

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

(c) Short-term leases

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

Investments and other financial assets

Initial recognition and measurement

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

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

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial assets

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

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

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

Impairment of financial assets

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

General approach

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

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

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

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

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Simplified approach

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or payables as appropriate.

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

Subsequent measurement

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

Financial liabilities at amortised cost (trade and other payables, and borrowings)

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

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

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Cash and cash equivalents

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

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months when acquired that are readily convertible into known amounts of cash, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Provisions

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

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

Income tax

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

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

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

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

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

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

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

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Government grants

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

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

Revenue recognition

Revenue from contracts with customers

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(a) Rendering of services

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

The Group's VPC solutions related to customisation services, the revenue of which is recognised at a point in time upon acceptance of customerised services by customers. The Group also provides extended warranty services to its customers of VPC solutions and the revenue generated therefrom is recognised over the period of extended warranty services rendered.

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

(b) Sale of products

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

Other income

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

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitles to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Contract liabilities

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

Contract costs

Costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

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

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

(c) The costs are expected to be recovered.

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

Share-based payments

The Group operates a share incentive plan. Employees (including directors) and other eligible participants of the Group receive remuneration in the form of share-based payments, whereby employees and other eligible participants render services in exchange for equity instruments ("equity-settled transactions").

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

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

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Share-based payments (continued)

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

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

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

Pension scheme

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

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currencies

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

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

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

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

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

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a subsidiary not operating in Mainland China, the cumulative amount in the reserve relating to that particular entity is recognised in the statement of profit or loss.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

Any goodwill arising on the acquisition of an entity not operating in Mainland China and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of that particular entity and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of the Group's entities not operating in Mainland China are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of such entities which arise throughout a particular year are translated into RMB at the weighted average exchange rates for that particular year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Accounting for companies governed under the contractual arrangements as subsidiaries

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

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

Deferred tax assets (continued)

The Group has tax losses of RMB297,837,000 (2023: RMB283,837,000) carried forward. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

Further details on deferred taxes are disclosed in note 26 to the financial statements.

Estimation uncertainty

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

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units (the "CGUs") to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2024 was RMB97,852,000 (2023: RMB99,544,000). Further details are given in note 15 to the financial statements.

Provision for expected credit losses on trade receivables and contract assets

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

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

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in notes 17 and 18 to the financial statements, respectively.

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

	2024 RMB'000	2023 RMB'000
Mainland China	504,977	446,179
Hong Kong	1,378	667
Total	506,355	446,846

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

(b) Non-current assets

All of the Group's non-current assets were located in Mainland China as at the end of the reporting period (2023: Mainland China).

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

Information about major customers

During the year, there was no customer individually accounted for more than 10% of the Group's revenue (2023: Nil).

5. REVENUE, OTHER INCOME AND GAINS

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

	2024 RMB'000	2023 RMB'000
SaaS solutions	474,428	413,419
VPC solutions	27,568	27,755
Other services and product sales	4,359	5,672
Total	506,355	446,846

5. REVENUE, OTHER INCOME AND GAINS (continued)

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

	2024 RMB'000	2023 RMB'000
Transfer over time:		
SaaS solutions	**474,428**	413,419
VPC solutions	**4,889**	6,637
Other services and product sales	**4,230**	4,446
Subtotal	**483,547**	424,502
Transfer at a point in time:		
VPC solutions	**22,679**	21,118
Other services and product sales	**129**	1,226
Subtotal	**22,808**	22,344
Total	**506,355**	446,846

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2024 RMB'000	2023 RMB'000
SaaS solutions	**44,902**	27,572
VPC solutions	**823**	1,631
Other services and product sales	**119**	395
Total	**45,844**	29,598

5. REVENUE, OTHER INCOME AND GAINS (continued)

Information about the Group's performance obligations is summarised below:

SaaS solutions

The performance obligation is satisfied over time as services are rendered and payment is generally due within 90 days from the billing date, except for small-sized customers where payment in advance is normally required.

VPC solutions

The performance obligation of customisation services is satisfied at a point of time, i. e., upon acceptance of customised services by customers, and payment is generally due within 30 days from the date of acceptance. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. The performance obligation of extended warranty services is satisfied over the period of extended warranty services rendered, and payment is generally due within 90 days from the billing date.

Other services and product sales

The performance obligation of other services is satisfied over time as services are rendered and payment is generally due within 90 days from the billing date. The performance obligation of product sales is satisfied upon delivery of the products and payment is generally due within 30 days from delivery, except for small-sized customers where payment in advance is normally required.

The Group has selected to choose practical expedients not to disclose the amounts of transaction prices allocated to the remaining performance obligations as at the end of the reporting period because the Group's services of SaaS solutions and VPC solutions are either (i) expected to be recognised as revenue within one year, or (ii) billed to the customers based on usage with pre-determined rates and as the performance obligations are satisfied.

5. REVENUE, OTHER INCOME AND GAINS (continued)

An analysis of the Group's other income and gains is as follows:

	2024 RMB'000	2023 RMB'000
Other income		
Bank interest income	**8,126**	7,464
Investment income from financial investments at amortised cost	**485**	562
Investment income from financial investments at fair value through profit or loss	**1,298**	1,102
Government grant*	**1,793**	5,939
Others	**42**	–
Total other income	**11,744**	15,067
Gains		
Fair value gains on financial investments at fair value through profit or loss	**–**	87
Gain on early termination of leases	**84**	–
Foreign exchange gains, net	**–**	588
Total gains	**84**	675
Total other income and gains	**11,828**	15,742

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

6. PROFIT/(LOSS) BEFORE TAX

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

	Notes	2024 RMB'000	2023 RMB'000
Cost of services provided		**243,758**	231,252
Cost of products sold		**201**	818
Depreciation of property, plant and equipment *	13	**932**	1,319
Depreciation of right-of-use assets *	14(a)	**7,402**	8,169
Amortisation of other intangible assets	16	**3,176**	3,034
Lease payments not included in the measurement of lease liabilities *	14(c)	**1,776**	1,940
Auditor's remuneration		**1,720**	2,100
Employee benefit expense (excluding directors' and chief executive's remuneration (note 8)) *:			
Wages, salaries and social welfare benefits		**174,747**	165,395
Equity-settled share-based payment expense	28	**2,377**	3,872
Pension scheme contributions (defined contribution scheme) **		**14,416**	13,855
Total		**191,540**	183,122
Impairment of financial and contract assets, net:			
Impairment of trade receivables	17	**5,725**	4,590
Impairment of contract assets	18	**(549)**	668
Impairment of financial assets included in prepayments, other receivables and other assets	20	**(540)**	427
Total		**4,636**	5,685
Penalties and late fees ***		**257**	240
Fair value losses on financial investments at fair value through profit or loss, net ***		**169**	–
Loss on disposal/write-off of property, plant and equipment ***		**61**	28
Loss on early termination of leases ***		**–**	24
Write-off of prepayments ***		**–**	434
Foreign exchange losses, net ***		**666**	–

6. PROFIT/(LOSS) BEFORE TAX (continued)

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

	2024 RMB'000	2023 RMB'000
Depreciation of property, plant and equipment	109	184
Depreciation of right-of-use assets	2,709	2,456
Lease payments not included in the measurement of lease liabilities	1,496	1,673
Employee benefit expense	10,110	8,301

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

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

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	469	504

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), section 383 (1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 **RMB'000**	2023 RMB'000
Fees	**360**	360
Other emoluments:		
Salaries, allowances and benefits in kind	**2,758**	2,030
Discretionary performance related bonuses	**2,282**	1,600
Pension scheme contributions	**244**	244
Subtotal	**5,284**	3,874
Total	**5,644**	4,234

(a) Independent non-executive directors

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

	2024 **RMB'000**	2023 RMB'000
Mr. LI Zhiyong	**120**	120
Mr. LI Pengtao	**120**	120
Ms. WENG Yang	**120**	120
Total	**360**	360

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors and the chief executive

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Year ended 31 December 2024					
Mr. WU Qiang *	**–**	**689**	**620**	**61**	**1,370**
Mr. PAN Wei	**–**	**689**	**565**	**61**	**1,315**
Mr. LI Jin	**–**	**688**	**465**	**61**	**1,214**
Mr. AN Jingbo	**–**	**692**	**632**	**61**	**1,385**
Total	**–**	**2,758**	**2,282**	**244**	**5,284**
Year ended 31 December 2023					
Mr. WU Qiang *	–	481	400	61	942
Mr. PAN Wei	–	516	400	61	977
Mr. LI Jin	–	516	400	61	977
Mr. AN Jingbo	–	517	400	61	978
Total	–	2,030	1,600	244	3,874

* Mr. WU Qiang is also the chief executive of the Company.

There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2024 and 2023.

9. FIVE HIGHEST PAID EMPLOYEES

There were three directors included in the five highest paid employees during the year (2023: Nil). Details of the remuneration of the two (2023: five) highest paid employees who are neither a director nor chief executive of the Company for the year are as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	**1,906**	3,937
Discretionary performance related bonuses	**1,160**	1,544
Equity-settled share-based payment expense	**1,242**	3,199
Pension scheme contributions	**128**	307
Total	**4,436**	8,987

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

Number of employees

	2024	2023
HK$1,000,001 to HK$1,500,000	**–**	3
HK$1,500,001 to HK$2,000,000	**1**	–
HK$2,000,001 to HK$2,500,000	**–**	2
HK$3,000,001 to HK$3,500,000	**1**	–
Total	**2**	5

Certain non-director and non-chief executive highest paid employees were granted restricted share units of the Company during the year and in prior years in respect of their services to the Group, under the share award arrangement of the Group, further details of which are set out in note 28 to the financial statements. The fair value of such restricted share units, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX

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

Cayman Islands

Pursuant to the relevant rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

Hong Kong

The Hong Kong profits tax rate is 16.5% during the year (2023: 16.5%). Under the two-tiered profits tax rates regime, the first HK$2,000,000 (2023: HK$2,000,000) of assessable profits of the Group's subsidiary incorporated in Hong Kong, TI Cloud (HK) Limited, arising in Hong Kong are taxed at 8.25% (2023: 8.25%) and its remaining assessable profits are taxed at 16.5% (2023: 16.5%).

Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the entities which operate in Mainland China are subject to corporate income tax ("CIT") at a rate of 25% (2023: 25%) on the taxable income. During the year, two subsidiaries (2023: two) were entitled to a preferential tax rate of 15% because they were "High and New Technology Enterprises". In addition, certain other subsidiaries of the Group operating in Mainland China were entitled to an effective preferential tax rate of 5% of the taxable income within RMB3,000,000, for the year ended 31 December 2024 (2023: 5%), because they were regarded as "small-scaled minimal profit enterprises", one of the criteria of which is with annual taxable income no more than RMB3,000,000 during the corresponding year.

	2024 **RMB'000**	2023 RMB'000
Current – Hong Kong		
Charge for the year	**69**	34
Overprovision in prior years	**(9)**	–
Current – Mainland China		
Charge for the year	**191**	124
Underprovision in prior years	**4**	–
Deferred tax charged/(credited) for the year (note 26)	**1,138**	(563)
Total tax charge/(credit) for the year	**1,393**	(405)

10. INCOME TAX (continued)

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

	2024 RMB'000	2023 RMB'000
Profit/(loss) before tax		
Cayman Islands	**656**	(60)
Hong Kong	**815**	408
Mainland China	**33,922**	(9,384)
Total	**35,393**	(9,036)
Tax at the statutory tax rates		
Cayman Islands	**–**	–
Hong Kong	**134**	68
Mainland China	**8,481**	(2,346)
Total tax at the statutory rates	**8,615**	(2,278)
Lower tax rates enacted by relevant authorities	**(3,788)**	1,283
Adjustments in respect of current tax of previous periods	**(5)**	–
Expenses not deductible for tax	**(238)**	1,159
Additional deductible allowance for research and development expenses	**(8,182)**	(10,955)
Tax losses not recognised	**2,179**	7,709
Temporary differences not recognised	**2,812**	2,677
Tax credit at the Group's effective rate	**1,393**	(405)

11. DIVIDENDS

	2024 RMB'000	2023 RMB'000
Proposed final – HK10 cents (2023: Nil) per ordinary share	**16,089**	–

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

12. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/loss per share amount for the year is based on the profit/loss for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 173,937,792 (2023: 174,000,400) outstanding during the year.

No adjustment has been made to the basic earnings/loss per share amounts presented for the years ended 31 December 2024 and 2023 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements RMB'000	Office equipment RMB'000	Electronics equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
31 December 2024					
At 1 January 2024:					
Cost	766	764	18,415	786	20,731
Accumulated depreciation	(766)	(658)	(16,549)	(748)	(18,721)
Net carrying amount	–	106	1,866	38	2,010
At 1 January 2024, net of accumulated depreciation	–	106	1,866	38	2,010
Additions	182	9	683	–	874
Disposals/write-off	–	(1)	(75)	–	(76)
Depreciation provided during the year (note 6)	(15)	(14)	(903)	–	(932)
At 31 December 2024, net of accumulated depreciation	167	100	1,571	38	1,876
At 31 December 2024:					
Cost	182	771	16,900	786	18,639
Accumulated depreciation	(15)	(671)	(15,329)	(748)	(16,763)
Net carrying amount	167	100	1,571	38	1,876

13. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold improvements RMB'000	Office equipment RMB'000	Electronics equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
31 December 2023					
At 1 January 2023:					
Cost	1,136	705	18,527	1,057	21,425
Accumulated depreciation	(981)	(632)	(16,343)	(1,005)	(18,961)
Net carrying amount	155	73	2,184	52	2,464
At 1 January 2023, net of accumulated depreciation	155	73	2,184	52	2,464
Additions	–	59	772	–	831
Acquisition of a subsidiary (note 30(a))	–	–	86	–	86
Disposals/write-off	–	–	(38)	(14)	(52)
Depreciation provided during the year (note 6)	(155)	(26)	(1,138)	–	(1,319)
At 31 December 2023, net of accumulated depreciation	–	106	1,866	38	2,010
At 31 December 2023:					
Cost	766	764	18,415	786	20,731
Accumulated depreciation	(766)	(658)	(16,549)	(748)	(18,721)
Net carrying amount	–	106	1,866	38	2,010

14. LEASES

Group as a lessee

The Group has certain lease contracts for buildings for its office and server use. Leases of buildings generally have lease terms between one and four years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of right-of-use assets for buildings and the movements during the year are as follows:

	Notes	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January		**12,000**	10,897
New leases		**5,129**	10,047
Acquisition of a subsidiary	30(a)	**–**	1,558
Acquisition of a business	30(b)	**–**	1,023
Depreciation charge		**(7,402)**	(8,169)
Early termination of leases		**(1,057)**	(3,356)
Carrying amount at 31 December		**8,670**	12,000

14. LEASES (continued)

Group as a lessee (continued)

(b) Lease liabilities

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

	Notes	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January		**11,581**	10,093
New leases		**5,129**	10,047
Acquisition of a subsidiary	30(a)	**–**	1,372
Acquisition of a business	30(b)	**–**	1,024
Accretion of interest recognised during the year		**469**	504
Payments		**(7,657)**	(8,127)
Early termination of leases		**(1,141)**	(3,332)
Carrying amount at 31 December		**8,381**	11,581
Analysed into:			
Current portion – repayable within one year		**6,336**	7,103
Non-current portion			
– repayable in the second year		**1,573**	4,134
– repayable in the third to fifth year, inclusive		**472**	344
Total non-current portion of lease liabilities		**2,045**	4,478

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

14. LEASES (continued)

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

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	**469**	504
Depreciation charge of right-of-use assets	**7,402**	8,169
Loss/(gain) on early termination of leases	**(84)**	24
Expense relating to short-term leases	**1,776**	1,940
Total amount charged to profit or loss	**9,563**	10,637

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

15. GOODWILL

	2024 RMB'000	2023 RMB'000
Cost and net carrying amount at 1 January	**99,544**	–
Acquisition of a subsidiary (note 30(a))	**–**	85,952
Acquisition of a business (note 30(b))	**–**	10,268
Exchange realignment	**(1,692)**	3,324
Cost and net carrying amount at 31 December	**97,852**	99,544

There was no accumulated impairment of goodwill as at 31 December 2024 (2023: Nil).

Impairment testing of goodwill

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

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

15. GOODWILL (continued)

Impairment testing of goodwill (continued)

Revenue growth and perpetual growth rates

Revenue growth rates were estimated ranging from 4% to 13% (2023: 10% to 15%) per annum for the Customer Contact Solution CGUs group throughout the five-year financial budgets, as determined by management with reference to the historical rates in prior years, adjusted by management's outlook of expected market development. Cash flows beyond the five-year period are extrapolated by using a perpetual growth rate of 1.8% (2023: 2.3%), which is same as the expected long-term average consumer price index growth rate of the PRC.

Discount rate

Discount rate was estimated to be 15% (2023: 16%) which is before tax and represents the current market assessment of the risks specific to the Customer Contact Solution CGUs group, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates.

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

16. OTHER INTANGIBLE ASSETS

	Software RMB'000	Franchise right RMB'000	Brand name RMB'000	Total RMB'000
31 December 2024				
At 1 January 2024:				
Cost	11,450	3,800	3,200	18,450
Accumulated amortisation	(4,300)	(697)	(640)	(5,637)
Net carrying amount	7,150	3,103	2,560	12,813
At 1 January 2024, net of accumulated amortisation	7,150	3,103	2,560	12,813
Additions	2,088	–	–	2,088
Amortisation provided during the year (note 6)	(1,776)	(760)	(640)	(3,176)
At 31 December 2024, net of accumulated amortisation	7,462	2,343	1,920	11,725
At 31 December 2024:				
Cost	13,538	3,800	3,200	20,538
Accumulated amortisation	(6,076)	(1,457)	(1,280)	(8,813)
Net carrying amount	7,462	2,343	1,920	11,725

16. OTHER INTANGIBLE ASSETS (continued)

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

17. TRADE AND BILLS RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	**125,731**	103,198
Impairment	**(18,942)**	(13,336)
Net carrying amount	**106,789**	89,862
Bills receivable	**575**	–
Total trade and bills receivables	**107,364**	89,862

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

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

	2024 RMB'000	2023 RMB'000
Within 12 months	**104,903**	86,382
13th to 24th months	**1,886**	3,480
Total	**106,789**	89,862

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

	2024 RMB'000	2023 RMB'000
At beginning of year	**13,336**	8,707
Impairment losses (note 6)	**5,725**	4,590
Acquisition of a subsidiary (note 30(a))	**–**	179
Amount written off as uncollectible	**(119)**	(140)
At end of year	**18,942**	13,336

17. TRADE AND BILLS RECEIVABLES (continued)

The increase in the loss allowance during the year ended 31 December 2024 was mainly due to an increase in the loss allowance of RMB5,657,000 as a result of increases in gross amounts of trade receivables aged within one year and over two years. The increase in the loss allowance during the year ended 31 December 2023 was mainly due to the increase in the loss allowance of RMB4,167,000 as a result of an increase in gross amount of trade receivables aged over one year.

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

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

As at 31 December 2024

	Ageing			
	Within 12 months	**13th to 24th months**	**Over 24 months**	**Total**
Expected credit loss rate	**5.38%**	**73.35%**	**100.00%**	**15.07%**
Gross carrying amount (RMB'000)	**110,869**	**7,080**	**7,782**	**125,731**
Expected credit losses (RMB'000)	**5,967**	**5,193**	**7,782**	**18,942**

As at 31 December 2023

	Ageing			
	Within 12 months	13th to 24th months	Over 24 months	Total
Expected credit loss rate	3.58%	60.11%	100.00%	12.92%
Gross carrying amount (RMB'000)	89,588	8,724	4,886	103,198
Expected credit losses (RMB'000)	3,206	5,244	4,886	13,336

Bills receivable are subject to impairment using the low credit risk simplification under the general approach. At each reporting date, the Group evaluates whether the bills receivable are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the credit ratings of the debt investments. The Group did not recognise any impairment loss on bills receivable as at 31 December 2024.

18. CONTRACT ASSETS

	31 December 2024 RMB'000	31 December 2023 RMB'000	1 January 2023 RMB'000
Contract assets	**1,183**	5,241	4,583
Impairment	**(63)**	(777)	(109)
Net carrying amount	**1,120**	4,464	4,474

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

The decrease in contract assets for the year ended 31 December 2024 was mainly due to the decrease in the ongoing services relating to VPC solutions. The decrease in contract assets for the year ended 31 December 2023 was the combined result of the increase in the ongoing services relating to VPC solutions and the increase in impairment allowance of contract assets aged over one year at 31 December 2023.

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

	2024 RMB'000	2023 RMB'000
Within one year	**1,120**	4,464

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

	2024 RMB'000	2023 RMB'000
At beginning of year	**777**	109
Impairment loss/(reversal of impairment loss), net (note 6)	**(549)**	668
Amount written off as uncollectible	**(165)**	–
At end of year	**63**	777

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

18. CONTRACT ASSETS (continued)

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

	2024 RMB'000	2023 RMB'000
Expected credit loss rate	**5.33%**	14.83%
Gross carrying amount (RMB'000)	**1,183**	5,241
Expected credit losses (RMB'000)	**63**	777

19. CONTRACT COSTS

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

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024 RMB'000	2023 RMB'000
Current:		
Prepayments	**10,306**	10,105
Deposits	**5,890**	4,105
Other receivables	**8,787**	11,740
Prepaid other taxes	**463**	186
Subtotal – current	**25,446**	26,136
Impairment	**(644)**	(1,184)
Total – current	**24,802**	24,952
Non-current:		
Prepayments for other intangible assets	**–**	858
Other receivables	**552**	1,310
Total – non-current	**552**	2,168
Total	**25,354**	27,120

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (continued)

The Group applies an expected credit loss model to evaluate the credit losses for financial assets included in prepayments, other receivables and other assets. The Group's movements in the loss allowance for impairment of financial assets included in prepayments, other receivables and other assets are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	**1,184**	757
Impairment losses (note 6)	**(540)**	427
At end of year	**644**	1,184

The decrease in the loss allowance for the year ended 31 December 2024 was due to the decrease in the loss allowance of RMB540,000 as a result of the decrease of gross amount of doubtful receivables. The increase in the loss allowance for the year ended 31 December 2023 was due to the increase in the loss allowance of RMB427,000 as a result of specific provisions made against certain uncollectible deposits and other receivables.

21. FINANCIAL INVESTMENTS

	2024 RMB'000	2023 RMB'000
Non-current:		
Financial asset at fair value through profit or loss (note (a))	**3,379**	–
Current:		
Financial assets at fair value through profit or loss (note (b))	**55,069**	50,087
Financial investments at amortised cost (note (c))	**15,132**	–
Total – current	**70,201**	50,087
Total financial investments	**73,580**	50,087

Notes:

(a) It was an unlisted equity investment which was classified as a financial asset at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

(b) They were structural deposits which were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

(c) It was a principal-protected debt investment issued by a licensed wealth management company operating in Mainland China.

22. CASH AND BANK DEPOSITS AND RESTRICTED CASH

	2024 RMB'000	2023 RMB'000
Cash and bank balances	**103,333**	124,080
Short-term deposits	**35,000**	37,000
Time deposits	**174,099**	137,665
Subtotal	**312,432**	298,745
Less restricted cash:		
Non-current portion	**(168)**	–
Current portion	**(2,405)**	(670)
Subtotal	**(2,573)**	(670)
Long-term time deposits	**(35,452)**	–
Cash and bank deposits	**274,407**	298,075

At the end of the reporting period, the Group's cash and bank deposits, long-term time deposits and restricted cash denominated in RMB placed in Mainland China banks amounted to RMB170,033,000 (2023: RMB152,955,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are available for withdrawals with seven-day notices in advance depending on the immediate cash requirements of the Group, and earn interest at the short-term deposit rates. Time deposits are made for varying periods within three years depending on the cash requirements of the Group, and earn interest at the respective term deposit rates. The bank balances, short-term deposits and time deposits are deposited with creditworthy banks with no recent history of default. Restricted cash mainly related to the performance guarantee deposits for certain sales contracts of the Group and the implementation of control measures with respect to certain employment-related matters of the Group.

23. TRADE PAYABLES

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

	2024 **RMB'000**	2023 RMB'000
Within 12th months	**24,792**	21,803
13th to 24th months	**3,581**	4,621
Over 24 months	**371**	533
Total	**28,744**	26,957

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

24. CONTRACT LIABILITIES

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

	31 December **2024** **RMB'000**	31 December 2023 RMB'000	1 January 2023 RMB'000
SaaS solutions	**50,453**	44,902	27,572
VPC solutions	**1,426**	823	1,631
Other services and product sales	**15**	119	395
Total	**51,894**	45,844	29,598

The increase in contract liabilities for the year ended 31 December 2024 and 2023 was mainly due to the increase in short-term advances received from customers in relation to SaaS solutions at the end of the reporting period.

25. OTHER PAYABLES AND ACCRUALS

	2024 RMB'000	2023 RMB'000
Payroll and welfare payables	**28,277**	25,821
Other tax payables	**4,113**	4,064
Other payables	**14,119**	19,678
Total	**46,509**	49,563

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

26. DEFERRED TAX

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

	Notes	Fair value adjustments arising from acquisition of a subsidiary and a business RMB'000	Fair value adjustments of financial investments at fair value through profit or loss RMB'000	Impairment of financial assets RMB'000	Right-of-use assets RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2023		–	(260)	1,430	(1,300)	1,219	1,089
Acquisition of a subsidiary	30 (a)	(1,035)	–	–	(233)	205	(1,063)
Acquisition of a business	30 (b)	(285)	–	–	(51)	51	(285)
Deferred tax credited/(charged) to profit or loss	10	247	247	–	41	28	563
At 31 December 2023 and 1 January 2024		(1,073)	(13)	1,430	(1,543)	1,503	304
Deferred tax credited/(charged) to profit or loss	10	263	3	(1,430)	669	(643)	(1,138)
At 31 December 2024		(810)	(10)	–	(874)	860	(834)

26. DEFERRED TAX (continued)

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

	2024 RMB'000	2023 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**3**	1,396
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(837)**	(1,092)
Net deferred tax assets/(liabilities)	**(834)**	304

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

	2024 RMB'000	2023 RMB'000
Tax losses		
expired in one to five years	**7,232**	6,408
expired in one to ten years	**290,605**	277,429
Deductible temporary differences	**19,649**	5,761
Total	**317,486**	289,598

Tax losses arising in Mainland China will expire in five and ten years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

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

At the end of the reporting period, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled RMB178,770,000 as at 31 December 2024 (2023: RMB150,130,000). These temporary differences are subject to the CIT rate of 25% upon their transfers to the WFOE via the contractual arrangements.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

27. SHARE CAPITAL

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

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

	Number of shares in issue	Share capital		Share premium	Treasury shares	Total
		USD'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023, 31 December 2023 and 1 January 2024	170,400,400	17	114	247,984	–	248,098
Repurchase of shares (note)	–	–	–	–	(576)	(576)
At 31 December 2024	170,400,400	17	114	247,984	(576)	247,522

Note:

During the year ended 31 December 2024, the Company paid a total consideration of RMB576,000 to purchase 258,400 (2023: Nil) shares of USD0.0001 each, all of which were classified as treasury shares at 31 December 2024, for the purpose of raising capital in the future and for the share incentive plan.

28. SHARE-BASED PAYMENTS

The Group operates a share incentive plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations through the grant of restricted shares or restricted share units of the Company. Eligible participants of the share incentive plan include any directors, supervisors, full-time executives, officers, managers, or employees of the Group or any of its subsidiaries, or any advisor or consultant in which the chief executive officer of the Company considers has contributed or will contribute to the Group. The Company's share incentive plan became effective on 13 May 2021 and, unless otherwise terminated, will remain in force for 10 years from that date.

The maximum number of ordinary shares underlying the share Incentive plan is 26,550,000 ordinary shares of the Company, which is held by TI YUN Limited, a company incorporated in the British Virgin Islands and established as a nominee to hold in trust for the ordinary shares of the Company underlying the share incentive plan. Any further issue of new ordinary shares of the Company in excess of this limit is subject to shareholders' approval.

The offer for the grant of restricted share units of the Company may be accepted for a period stated in the offer document. The restricted share units are vested according to a vesting schedule as set out in the respective offer for the grant. The consideration for the restricted share unit are determined by the chief executive officer of the Company.

The restricted share units of the Company are to be vested, released and converted into the ordinary shares of the Company in three equal tranches on the 6-month,18-month and 30-month anniversaries, respectively, of the listing date of the Company (except for one employee whose restricted share units are subject to five equal tranches on the 6-month,18-month,30-month,42-month and 54-month anniversaries, respectively, of the listing date of the Company) for those granted prior to the IPO. The restricted share units of the Company are to be vested, released and converted into the ordinary shares of the Company in three equal tranches on the 12-month,24-month and 36-month anniversaries, respectively, of the grant dates for those granted after the IPO.

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

	Restricted shares		**Restricted share units**	
	2024	2023	**2024**	2023
At 1 January	**7,217,570**	14,648,087	**956,582**	280,728
Granted during the year	**–**	–	**926,500**	912,648
Released or settled during the year	**(6,698,210)**	(7,217,580)	**(386,222)**	(111,019)
Cancelled during the year	**(19,360)**	(212,937)	**(30,000)**	(125,775)
At 31 December	**500,000**	7,217,570	**1,466,860**	956,582

28. SHARE-BASED PAYMENTS (continued)

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

	2024	2023
Fair value of restricted share units granted:		
Total amount (RMB'000)	**1,517**	6,968
Per share amount (RMB)	**1.64**	7.64
Share-based payment expense (RMB'000)		
attributable to restricted share units granted in:		
current year	**617**	3,852
prior years	**1,760**	20
Total share-based payment expense	**2,377**	3,872

The fair value of restricted share units granted during the year was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the restricted share units were granted. For the year, inputs to the model included fair value of the Company's shares as at respective grant dates ranging from HK$2.28 to HK$4.89, expected volatility ranging from 67.85% to 74.14%, expected dividend of nil, exercise multiple of 1.5, exercise price of HK$4.1, risk-free interest rate ranging from 3.12% to 3.40%, and forfeiture rate of 5%.

29. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

(a) Capital reserve

Capital reserve represents the capital and capital reserve amounts of T&I Net Communication prior to the completion of the Reorganisation.

(b) Share-based payment reserve

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

(c) Reserve funds

In accordance with the regulations in the PRC, the PRC subsidiaries of the Group are required to make an appropriation of retained profits equal to at least 10% of their respective after-tax profits, calculated in accordance with the PRC accounting standards and regulations. Such appropriations are classified in the consolidated statement of financial position as other reserves. Appropriations to these reserves are not required after these reserves have reached 50% of the registered capital of the respective companies.

30. BUSINESS COMBINATION

(a) Acquisition of Beijing Yizhang Yunfeng Technology Co., Ltd. for the year ended 31 December 2023

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

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

	Notes	**Fair value recognised on acquisition RMB'000**
Property, plant and equipment	13	86
Right-of-use assets	14(a)	1,558
Other intangible assets	16	6,964
Trade receivables		3,148
Contract costs		1,700
Prepayments, other receivables and other assets		3,813
Cash and bank deposits		9,633
Trade payables		(367)
Contract liabilities		(7,382)
Other payables and accruals		(2,475)
Lease liabilities	14(b)	(1,372)
Deferred tax liabilities	26	(1,063)
Total identifiable net assets at fair value		14,243
Goodwill on acquisition	15	85,952
Total consideration		100,195
Satisfied by cash		
Prepaid in 2022		48,662
Paid in 2023		51,533
Total		100,195

30. BUSINESS COMBINATION (continued)

(a) Acquisition of Beijing Yizhang Yunfeng Technology Co., Ltd. for the year ended 31 December 2023 (continued)

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

The Group incurred transaction costs of RMB150,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss for the year ended 31 December 2023.

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

	2023 **RMB'000**
Cash consideration paid	51,533
Cash and bank balances acquired	9,633
Net outflow of cash and cash equivalents included in cash flows used in investing activities	41,900
Transaction costs of the acquisition included in cash flow from operating activities	150
Total net cash outflow	42,050

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

Had the combination taken place at the beginning of 2023, the revenue and loss of the Group for the year ended 31 December 2023 would have been RMB448,724,000 and RMB9,422,000, respectively.

30. BUSINESS COMBINATION (continued)

(b) Acquisition of the SaaS business of Chengdu GoldArmor Technology Inc. for the year ended 31 December 2023

On 30 November 2022, T&I Net Communication and Chengdu GoldArmor Technology Inc. ("GoldArmor") entered into a business and asset transfer agreement pursuant to which GoldArmor has conditionally agreed to sell, T&I Net Communication has conditionally agreed to buy, the SaaS business operated by GoldArmor (the "GoldArmor Business") and its related assets at a cash consideration of RMB16,000,000, of which RMB3,200,000 has been paid in 2022, RMB11,800,000 has been paid in 2023 and RMB1,000,000 remained unsettled as at 31 December 2023 and paid in 2024 (the "GoldArmor Acquisition"). The GoldArmor Acquisition was made as part of the Group's strategy to expand its market shares of SaaS business for customer contact solutions with a brand name known as Live800. The transaction was completed on 9 January 2023, and the GoldArmor Business has since carried out by Tianrun Golden Armor, a new established wholly-owned subsidiary of the Group.

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

	Notes	**Fair value recognised on acquisition RMB'000**
Right-of-use assets	14(a)	1,023
Other intangible assets	16	5,700
Prepayments, other receivables and other assets	14(b)	318
Lease liabilities	26	(1,024)
Deferred tax liabilities		(285)
Total identifiable net assets at fair value		5,732
Goodwill on acquisition	15	10,268
Total consideration		16,000
Satisfied by cash		
Prepaid in 2022		3,200
Paid in 2023		11,800
Paid in 2024		1,000
Total		16,000

The Group incurred transaction costs of RMB50,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss for the year ended 31 December 2023.

30. BUSINESS COMBINATION (continued)

(b) Acquisition of the SaaS business of Chengdu GoldArmor Technology Inc. for the year ended 31 December 2023 (continued)

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

	2023
	RMB'000
Cash consideration paid	11,800
Net outflow of cash and cash equivalents included in cash flows used in investing activities	11,800
Transaction costs of the acquisition included in cash flow from operating activities	50
Total net cash outflow	11,850

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

Had the combination taken place at the beginning of 2023, the revenue and loss of the Group for the year ended 31 December 2023 would have been RMB446,885,000 and RMB8,851,000, respectively.

31. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB5,129,000 (2023: RMB10,047,000), in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

Lease liabilities

	2024 RMB'000	2023 RMB'000
At beginning of year	**11,581**	10,093
Changes from financing cash flows	**(7,188)**	(7,623)
New leases	**5,129**	10,047
Early termination of leases	**(1,141)**	(3,332)
Acquisition of a subsidiary (note 30(a))	**–**	1,372
Acquisition of a business (note 30(b))	**–**	1,024
Interest expense	**469**	504
Interest paid classified as operating cash flows	**(469)**	(504)
At end of year	**8,381**	11,581

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	2024 RMB'000	2023 RMB'000
Within operating activities	**2,245**	2,444
Within financing activities	**7,188**	7,623
Total	**9,433**	10,067

32. COMMITMENTS

At the end of the reporting period, the Group did not have any material capital commitment.

33. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group

	2024 RMB'000	2023 RMB'000
Short term employee benefits	5,040	4,438
Post-employment benefits	244	275
Total compensation of key management personnel	5,284	4,713

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

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments of the Group as at the end of the reporting period are as follows:

Financial assets

As at 31 December 2024

	Financial assets at fair value through profit or loss - mandatorily designated as such RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade receivables	–	106,789	106,789
Bills receivable	–	575	575
Financial assets included in other receivables and other assets	–	14,585	14,585
Financial investments	58,448	15,132	73,580
Restricted cash	–	2,573	2,573
Long-term time deposits	–	35,452	35,452
Cash and bank deposits	–	274,407	274,407
Total	58,448	449,513	507,961

34. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Financial assets (continued)

As at 31 December 2023

	Financial assets at fair value through profit or loss - mandatorily designated as such RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade receivables	–	89,862	89,862
Financial assets included in other receivables and other assets	–	15,971	15,971
Financial investments	50,087	–	50,087
Restricted cash	–	670	670
Cash and bank deposits	–	298,075	298,075
Total	50,087	404,578	454,665

Financial liabilities

	Financial liabilities at amortised cost	
	2024 RMB'000	2023 RMB'000
Trade payables	**28,744**	26,957
Financial liabilities included in other payables and accruals	**14,119**	19,678
Lease liabilities	**8,381**	11,581
Total	**51,244**	58,216

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

Financial assets

	Carrying amounts		Fair values	
	2024 RMB'000	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
Financial investments at fair value through profit or loss	**58,448**	50,087	**58,448**	50,087
Long-term time deposits	**35,452**	–	**35,947**	–
Restricted cash, non-current portion	**168**	–	**158**	–
Other receivables and other assets, non-current portion	**552**	1,310	**517**	1,236
Total	**94,620**	51,397	**95,070**	51,323

Management has assessed that the fair values of cash and bank deposits, current portion of restricted cash, trade and bills receivables, trade payables, current portion of financial assets included in prepayments, other receivables and other assets, financial investments at amortised cost, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

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

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

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

Financial assets (continued)

The Group's financial investments at fair value through profit or loss 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 have been calculated using a Monte Carlo simulation model to generate the key input values which are to determine the returns of structured deposits, and then a discounted cash flow valuation model based on the average key input values and market interest rates of instruments with similar terms and risks. The fair value of the unlisted equity investment 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-research and development expenses ("EV/R&D") multiple for each comparable companies identified. The multiple is calculated by dividing the enterprise value of the comparable company by the research and development expenses amount. The multiple is then discounted for considerations such as illiquidity. The directors believe that the estimated fair values resulting from EV/R&D 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 in relating to lease contracts for buildings. The fair values of long-term time deposits, non-current portion of restricted cash and non-current portion of other receivables and other assets have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

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

	Significant unobservable inputs	Range/value	Increase/ (decrease) in input %	Increase/ (decrease) in fair value RMB'000
Unlisted equity investment	EV/R&D multiple of peers	13.06 – 40.66	5	144
			(5)	(216)
	Discount for lack of marketability	40%	5	(144)
			(5)	72

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

35. 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

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial investments at fair value through profit or loss				
As at 31 December 2024	–	55,069	3,379	58,448
As at 31 December 2023	–	50,087	–	50,087

The movements in fair value measurements within Level 3 during the year are as follows:

	2024 RMB'000	2023 RMB'000
Financial investments at fair value through profit or loss		
At 1 January	**–**	–
Purchases	**3,553**	–
Fair value losses recognised in profit or loss	**(174)**	–
At 31 December	**3,379**	–

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

Fair value hierarchy (continued)

Assets for which fair values are disclosed

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Long-term time deposits				
As at 31 December 2024	–	35,947	–	35,947
As at 31 December 2023	–	–	–	–
Restricted cash, non-current portion				
As at 31 December 2024	–	158	–	158
As at 31 December 2023	–	–	–	–
Other receivables and other assets, non-current portion				
As at 31 December 2024	–	517	–	517
As at 31 December 2023	–	1,236	–	1,236

The Group did not have any financial liabilities measured at fair value or for which fair values are disclosed as at the end of the reporting period (2023: Nil).

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

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash, short-term deposits and short-term time deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from expenses incurred by the Company as well as the Company's cash and bank deposits in currencies other than the Company's functional currency, i. e., HK$.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Group's profit/(loss) before tax (due to changes in fair values of monetary assets and liabilities) and the Group's equity (excluding retained profits):

	Increase/ (decrease) in the USD exchange rate %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in loss before tax RMB'000	Increase/ (decrease) in equity RMB'000
As at 31 December 2024				
If HK$ weakens against USD	1	1,021	N/A	–
If HK$ strengthens against USD	(1)	(1,021)	N/A	–
As at 31 December 2023				
If HK$ weakens against USD	1	N/A	(993)	–
If HK$ strengthens against USD	(1)	N/A	993	–

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Maximum exposure and year-end staging (continued)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on ageing information unless other information is available without undue cost or effort, and year-end staging classification as at the end of the reporting period.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	125,731	125,731
Bills receivable	575	–	–	–	575
Contract assets*	–	–	–	1,183	1,183
Financial assets included in prepayments, other receivables and other assets					
– Normal**	14,585	–	–	–	14,585
– Doubtful**	–	–	644	–	644
Financial investments at amortised cost#	15,132	–	–	–	15,132
Long-term time deposits#	35,452	–	–	–	35,452
Restricted cash#	2,573	–	–	–	2,573
Cash and bank deposits#	274,407	–	–	–	274,407
Total	342,724	–	644	126,914	470,282

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Maximum exposure and year-end staging (continued)

Credit risk (continued)

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	103,198	103,198
Contract assets *	–	–	–	5,241	5,241
Financial assets included in prepayments, other receivables and other assets					
– Normal**	15,971	–	–	–	15,971
– Doubtful**	–	–	1,184	–	1,184
Financial investments at amortised cost#	–	–	–	–	–
Long-term time deposits#	–	–	–	–	–
Restricted cash#	670	–	–	–	670
Cash and bank deposits#	298,075	–	–	–	298,075
Total	314,716	–	1,184	108,439	424,339

* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 17 and 18 to the financial statements, respectively.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Not yet past due

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables and contract assets are disclosed in notes 17 and 18 to the financial statements.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors and industries.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

As at 31 December 2024

	On demand or less than one year RMB'000	One to five years RMB'000	Total RMB'000
Trade payables	**24,792**	**3,952**	**28,744**
Financial liabilities included in other payables and accruals	**14,119**	**–**	**14,119**
Lease liabilities	**6,679**	**2,425**	**9,104**
Total	**45,590**	**6,377**	**51,967**

As at 31 December 2023

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

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

The Group monitors capital using a gearing ratio, which is net debt divided by the capital plus net debt. Net debt includes trade payables, financial liabilities included in other payables and accruals, and lease liabilities, less cash and bank deposits. Capital includes equity. The gearing ratios as at the end of the reporting periods were as follows:

	2024 **RMB'000**	2023 RMB'000
Trade payables	**28,744**	26,957
Financial liabilities included in other payables and accruals	**14,119**	19,678
Lease liabilities	**8,381**	11,581
Less: Cash and bank deposits	**274,407**	298,075
Net debt	**(223,163)**	(239,859)
Equity	**507,453**	470,365
Capital and net debt	**284,290**	230,506
Gearing ratio *	**N/A**	N/A

* As at 31 December 2024 and 2023, the Group's cash and bank deposits exceeded aggregated amounts of trade payables, financial liabilities included in other payables and accruals, and lease liabilities. As such, no gearing ratios were presented.

37. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, in January and February 2025, the Company purchased 67,800 of its ordinary shares at a total consideration of RMB148,000.

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 **RMB'000**	2023 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**6,368**	3,978
Due from a subsidiary	**107,262**	104,966
Financial investments	**3,379**	–
Total non-current assets	**117,009**	108,944
CURRENT ASSETS		
Prepayments, other receivables and other assets	**1,865**	2,156
Cash and bank deposits	**139,874**	137,248
Total current assets	**141,739**	139,404
CURRENT LIABILITIES		
Other payables and accruals	**1,794**	1,865
Due to a subsidiary	**8,906**	6,080
Total current liabilities	**10,700**	7,945
NET CURRENT LIABILITIES	**131,039**	131,459
TOTAL ASSETS LESS CURRENT LIABILITIES	**248,048**	240,403
Net assets	**248,048**	240,403
EQUITY		
Share capital	**114**	114
Treasury shares	**(576)**	–
Reserves	**248,510**	240,289
Total equity	**248,048**	240,403

WU Qiang
Director

PAN Wei
Director

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

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

Year ended 31 December 2024

	Share premium RMB'000	Capital reserve RMB'000 RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024	247,984	3,872	12,909	(24,582)	240,183
Profit for the year	–	–	–	656	656
Other comprehensive income for the year:					
Exchange differences on translation of the Company	–	–	5,294	–	5,294
Total comprehensive income for the year	–	–	5,294	656	5,950
Equity-settled share-based payment arrangement		2,377			2,377
At 31 December 2024	247,984	6,249	18,203	(23,926)	248,510

Year ended 31 December 2023

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

39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2025.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements or accountants' report and restated as appropriate, is set out below.

RESULTS

	Year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
REVENUE	**506,355**	446,846	383,244	401,897	353,744
Profit/(loss) before tax	**35,393**	(9,036)	(7,772)	18,486	78,655
Income tax credit/(expense)	**(1,393)**	405	261	(612)	(8,541)
Profit/(loss) for the year	**34,000**	(8,631)	(7,511)	17,874	70,114

ASSETS, LIABILITIES AND EQUITY

	As at 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	**645,098**	606,606	569,056	301,774	295,492
Total liabilities	**(137,645)**	(136,241)	(97,492)	(80,247)	(67,437)
Total equity	**507,453**	470,365	471,564	221,527	228,055

In this annual report, the following expressions have the meanings set out below unless the context otherwise requires:

"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"Articles" or "Articles of Association"	the amended and restated articles of association of our Company conditionally adopted on June 16, 2022 which shall become effective on the Listing Date and as amended from time to time, a summary of which is set out in the section headed "Summary of the Constitution of the Company and Company Laws of the Cayman Islands" in Appendix III in the Prospectus
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Company
"Auditor"	Ernst & Young, the auditor of the Company
"Beijing Tianchuang Chuangrun"	Beijing Tianchuang Chuangrun Investment Center (Limited Partnership) (北京天創創潤投資中心(有限合夥)), a limited partnership established under the laws of the PRC on June 1, 2015
"Beijing Tiandi Rongchuang"	Beijing Tiandi Rongchuang Venture Capital Co., Ltd. (北京天地融創創業投資有限公司), a limited company incorporated under the laws of the PRC on February 21, 2006, being the general partner of Beijing Tianchuang Chuangrun
"Beijing Yunhao"	Beijing Yunhao Investment Center (Limited Partnership) (北京雲昊投資中心(有限合夥)), a limited partnership established under the laws of the PRC on May 12, 2015
"Beijing Yunhao Industrial Investment Consulting"	Beijing Yunhao Industrial Investment Consulting Co., Ltd. (北京雲昊興業投資顧問有限公司), a limited Company established under the laws of the PRC on June 1, 2015, being the general partner of Beijing Yunhao, Beijing Yunjing and Beijing Yunyu
"Beijing Yunjing"	Beijing Yunjing Industrial Investment Center (Limited Partnership) (北京雲景興業投資中心(有限合夥)), a limited partnership established under the laws of the PRC on May 12, 2015
"Beijing Yunyu"	Beijing Yunyu Consulting Management Center (Limited Partnership) (北京雲昱諮詢管理中心(有限合夥)), a limited partnership established under the laws of the PRC on November 24, 2020

DEFINITIONS

"Board"	the board of directors of our Company
"China", or "the PRC"	the People's Republic of China and, except where the context requires and only for the purpose of this report, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan. "Chinese" shall be construed accordingly
"Companies Ordinance"	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company", or "the Company"	TI Cloud Inc. (天潤雲股份有限公司), an exempted company with limited liability incorporated in the Cayman Islands on March 31, 2021 and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2167)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Consolidated Affiliated Entities"	the entities that we control through the Contractual Arrangements, being T&I Net Communication and its subsidiaries
"Contractual Arrangement(s)"	the series of contractual arrangements entered into by, among others Tianrun Cloud (Beijing) Technology Co., Ltd., T&I Net Communication and the Registered Shareholders (as applicable), details of which are described in the section headed "Contractual Arrangements" in the Prospectus
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. WU Qiang, Mr. PAN Wei, Mr. LI Jin and Mr. AN Jingbo, Hanyun Inc., Xinyun Inc., EastUp Holding Limited, Connect The Unconnected Limited, Flyflux Holding Limited, and Technolo-Jin CO., LTD.
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"Director(s)"	the director(s) of our Company
"ESG Committee"	the environmental, social and governance committee of the Company
"Global Offering"	the Hong Kong Public Offering and the International Offering as defined in the Prospectus
"Group", "our Group", "the Group", "we", "us", or "our"	the Company, its subsidiaries and the Consolidated Affiliated Entities from time to time

"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"IFRSs"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"Listing"	the listing of the Shares on the Main Board
"Listing Date"	June 30, 2022, the date on which the Shares are listed and on which dealings in the Shares are first permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules
"Mr. Wu" or "Mr. WU Qiang"	Mr. WU Qiang (吳強), an executive Director, Chairman of the Board, our Chief Executive Officer and one of our Controlling Shareholders
"New Shares"	the Shares to be offered for subscription by the Company
"Nomination Committee"	the nomination committee of the Company
"Prospectus"	the prospectus of the Company dated June 21, 2022
"Registered Shareholders"	the current registered shareholders of T&I Net Communication, being Mr. Wu, Beijing Tianchuang Chuangrun, Beijing Yunjing, Beijing Yunhao, Mr. Li, Mr. Pan, Mr. An and Beijing Yunyu, details of which are set out in the section headed "Contractual Arrangements" in the Prospectus
"Remuneration Committee"	the remuneration committee of the Company

"Reorganisation"	the corporate restructuring of the Group in preparation for the Listing, as described in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus
"Reporting Period"	year ended December 31, 2024
"RMB" or "Renminbi"	Renminbi, the lawful currency of PRC
"RSU(s)"	a restricted share unit award to be granted to a participant under the Share Incentive Plan
"Sale Shares"	the Shares to be offered for sale by the Selling Shareholder at the Offer Price under the Global Offering
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share Incentive Plan"	the share incentive plan of our Company adopted by the Board on May 13, 2021, the principal terms of which are set out in the section headed "Statutory and General Information – D. Share Incentive Plan" in Appendix IV to the Prospectus
"Share(s)"	ordinary share(s) in the share capital of our Company with par value of US$0.0001 each
"Shareholder(s)"	holder(s) of our Share(s)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"TI Cloud (HK)"	TI Cloud (HK) Limited, a limited liability company established under the laws of Hong Kong, and a wholly-owned subsidiary of the Company
"T&I Net Communication"	Beijing T&I Net Communication Co., Ltd. (北京天潤融通科技股份有限公司), a limited liability company established in Beijing, the PRC on February 23, 2006, and is one of our Consolidated Affiliated Entities by virtue of the Contractual Arrangements

"United States", "U.S." or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollars", "U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"WFOE"	TI Cloud (Beijing) Technology Co., Ltd. (天潤雲(北京)科技有限公司), a limited liability company established in Beijing, the PRC on April 28, 2021, an indirect wholly-owned subsidiary of our Company
"%"	per cent

GLOSSARY OF TECHNICAL TERMS

"AI"	Artificial Intelligence
"application"	application software designed to run on smartphones and other mobile devices
"ASR"	Automatic Speech Recognition, a technology that uses machine-learning algorithms to convert spoken language to text
"cloud-based"	applications, services or resources made available to users on demand via the Internet from a cloud computing provider's servers with access to shared pools of configurable resources
"machine learning"	an AI application that provides systems the ability to automatically learn and improve from experience without being explicitly programmed
"NLP"	Natural Language Processing, AI-powered function to engage in text – and voice-based intelligent interactions
"SaaS"	Software as a Service, a cloud-based software licensing and delivery model in which software and associated data are centrally hosted
"VPC"	as a special category of public cloud, is an isolated cloud hosted within a public cloud environment and accessed exclusively by one user