Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

啟迪國際
TUS INTERNATIONAL

TUS INTERNATIONAL LIMITED
啟 迪 國 際 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 872)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

HIGHLIGHTS

	2020	2019	Change
	HK$ million	*HK$ million*	*%*
		(restated)	
Continuing operations			
Revenue	**730.3**	733.2	(0.4%)
Gross profit	**117.7**	89.7	31.2%
Research and development expenses	**86.9**	103.4	(16.0%)
Finance costs	**(110.3)**	(66.6)	65.6%
Loss before taxation	**(249.5)**	(314.6)	(20.7%)
Loss for the year from continuing operations	**(230.9)**	(301.3)	(23.4%)
Loss per share attributable to owners of the Company *(HK cents)*	**(11.0)**	(15.5)	(29.3%)
From continuing and discontinued operations			
– Basic and diluted *(HK cents)*	**(11.9)**	(15.5)	(23.2%)

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of TUS International Limited (the "**Company**") hereby announces the consolidated results for the year ended 31 December 2020 (the "**Year under review**") of the Company and its subsidiaries (collectively the "**Group**"), together with comparative figures for the corresponding period in 2019, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	**2020** *HK$'000*	2019 *HK$'000* (restated)
Continuing operations:			
Revenue	*5*	**730,299**	733,179
Cost of sales		**(612,639)**	(643,477)
Gross profit		**117,660**	89,702
Other revenue		**19,323**	10,401
Other gains and losses	*6*	**70,749**	(20,059)
Research and development expenses		**(86,853)**	(103,377)
Selling and distribution expenses		**(12,379)**	(13,144)
Depreciation		**(24,354)**	(21,100)
Amortisation		**(62,449)**	(51,384)
Administrative expenses		**(146,544)**	(126,643)
Allowance under expected credit loss model, net of reversal		**(14,402)**	(11,242)
Finance costs	*7*	**(110,285)**	(66,616)
Share of loss of a joint venture		**–**	(1,097)
Loss before taxation	*8*	**(249,534)**	(314,559)
Taxation	*9*	**18,651**	13,221
Loss for the year from continuing operations		**(230,883)**	(301,338)
Discontinued operations:			
(Loss)/gain for the year from discontinued operations	*16*	**(18,998)**	17
Loss for the year		**(249,881)**	(301,321)

	2020	2019
	HK$'000	*HK$'000*
		(restated)
Other comprehensive (loss)/income for the year, net of income tax:		
Item that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of foreign operations	**12,414**	2,053
Item that was reclassified to profit or loss:		
– Reclassification adjustment of exchange differences upon disposal of subsidiaries	**–**	305
Items that will not be reclassified to profit or loss:		
– Change in fair value of financial assets at fair value through other comprehensive income	**(43,822)**	(48,308)
– Remeasurement of defined benefit plans	**(1,249)**	(1,814)
Other comprehensive loss for the year	**(32,657)**	(47,764)
Total comprehensive loss for the year	**(282,538)**	(349,085)
(Loss)/profit for the year attributable to:		
Owners of the Company		
– from continuing operations	**(226,452)**	(299,539)
– from discontinued operations	**(19,625)**	9
	(246,077)	(299,530)
Non-controlling interests		
– from continuing operations	**(4,431)**	(1,799)
– from discontinued operations	**627**	8
	(3,804)	(1,791)
	(249,881)	(301,321)

	Notes	**2020**	2019
		HK$'000	*HK$'000*
			(restated)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(280,686)**	(346,944)
Non-controlling interests		**(1,852)**	(2,141)
		(282,538)	(349,085)
Loss per share attributable to owners of the Company	*10*		
From continuing and discontinued operations			
– Basic and diluted *(HK cents)*		**(11.9)**	(15.5)
From continuing operations			
– Basic and diluted *(HK cents)*	*10*	**(11.0)**	(15.5)
From discontinued operations			
– Basic and diluted *(HK cents)*	*10*	**(0.9)**	0.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current assets			
Fixed assets			
– Property, plant and equipment		**80,982**	80,615
Right-of-use assets		**16,117**	25,016
Construction in progress		**5,554**	12,604
Finance lease receivables		**–**	8,693
Intangible assets		**369,129**	438,699
Goodwill		**647,950**	651,329
Interest in a joint venture		**–**	–
Interests in associates		**–**	–
Financial assets at fair value through other comprehensive income		**195,118**	265,366
Deferred tax assets		**2,747**	742
		1,317,597	1,483,064
Current assets			
Inventories	*11*	**140,596**	113,153
Trade and bills receivables, prepayments and other receivables	*12*	**184,878**	262,963
Finance lease receivables		**–**	34,256
Pledged bank deposits		**–**	3,884
Cash and cash equivalents		**31,117**	113,418
		356,591	527,674
Assets of a disposal group classified as held for sales		**–**	82,678
		356,591	610,352

	Notes	**2020** *HK$'000*	2019 *HK$'000*
Current liabilities			
Trade and bills payables and other payables	*13*	**325,326**	450,881
Contract liabilities		**22,997**	19,542
Lease liabilities		**7,706**	8,946
Current tax payable		**2,268**	9
Borrowings	*14*	**881,039**	487,049
Convertible bonds		**–**	300,000
		1,239,336	1,266,427
Net current liabilities		**(882,745)**	(656,075)
Total assets less current liabilities		**434,852**	826,989
Non-current liabilities			
Other payables	*13*	**–**	144
Net defined benefits liabilities		**9,023**	6,416
Lease liabilities		**9,039**	16,583
Deferred tax liabilities		**92,650**	110,186
Convertible bonds		**102,263**	92,821
		212,975	226,150
Net assets		**221,877**	600,839
Capital and reserves			
Share capital		**20,636**	20,636
Reserves		**167,600**	552,953
Equity attributable to owners of the Company		**188,236**	573,589
Non-controlling interests		**33,641**	27,250
Total equity		**221,877**	600,839

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. GENERAL INFORMATION

TUS International Limited (the "**Company**") was incorporated in the Cayman Islands on 26 February 2004 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The consolidated financial statements of the Company and the subsidiaries (collectively the "**Group**") are presented in Hong Kong dollars which is also the functional currency of the Company. All values are rounded to the nearest thousands ("**HK$'000**") except when otherwise indicated.

2. REVIEW OF AUDITED ANNUAL RESULTS

The audited annual results have been reviewed by the audit committee of the Company.

3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendments to HKFRS 16 *COVID-19 Related Rent Concessions*.

Except as described below, the application of the *Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs* in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 and HKAS 8 Definition of Material

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

Amendments to HKFRS 3 Definition of a Business

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group make any acquisition.

Impacts on early application of Amendment to HKFRS 16 Covid-19 Related Rent Concessions

The Group has applied the amendments for the first time in the current year. The amendment introduces a new practical expedient for lessees to elect not to assess whether a Covid-19 related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 that meets all of the following conditions:

- the change in lease payments result in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 *Lease* if the changes were not a lease modification.

Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

New and amendments to HKFRSs that have been issued but are not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform-Phase 2[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvement to HKFRSs 2018-2020[2]

[1] *Effective for annual periods beginning on or after 1 January 2023.*

[2] *Effective for annual periods beginning on or after 1 January 2022.*

[3] *Effective for annual periods beginning on or after a date to be determined.*

[4] *Effective for annual periods beginning on or after 1 January 2021.*

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs which is a collective term that includes all applicable individual HKFRS, Hong Kong Accounting Standards ("**HKASs**") and Interpretations (the "**Interpretations**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and accounting principles generally accepted in Hong Kong. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and the disclosure requirements by the Hong Kong Companies Ordinance.

(b) Basis of preparation of the consolidated financial statements

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

Going concern assessment

For the year ended 31 December 2020, the Group incurred a loss of approximately HK$249,881,000, and as of that date, the Group had net current liabilities of approximately HK$882,745,000. In addition, the Group had outstanding borrowings of approximately HK$881,039,000 which were due for repayment or renewal in the next twelve months after 31 December 2020. As at 31 December 2020, the Group has failed to fulfil certain financial covenants, terms and conditions as stipulated in the relevant loan agreements in aggregate of approximately HK$356,891,000 for the year ended 31 December 2020.

These conditions indicate the existence of a material uncertainty that might cast significant doubt about the Group's ability to continue as going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In view of such circumstances, the directors of the Company have given careful consideration to future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will be able to repay the outstanding convertible bonds and borrowings and be able to finance its future working capital and finance requirements. Certain measures have been and will be taken to manage its liquidity need and to improve its financial position which include, but are not limited to, the following:

1. Subsequent to the end of the reporting period, the Group has received conditional waiver letter from the bank for bank borrowing with outstanding amounts of approximately HK$256,891,000 as at 31 December 2020 of which the Group has failed to fulfil certain financial covenants as stated in the terms of the banking facilities.

   The waiver letter is conditional upon the satisfaction, including but not limited to, continuous financial support to the automotive-grade wireless connectivity business for the year ending 31 December 2021, re-negotiation/extension of several other debts of the Company which were overdue and other administrative requirements;

2. The Company has actively negotiated with banks to secure the renewals of the Group's bank borrowings;

3. The Group has fully settled bank borrowings of approximately HK$13,044,000 and other borrowings of approximately HK$83,213,000 respectively subsequent to the reporting period;

4. The Group has received a written confirmation dated 29 March 2021 from Tuspark Venture Investment Limited ("**Tuspark Venture**"), one of the major shareholders of the Company, that it will provide continuous financial support to the Group to enable the Group to meet its financial obligations as and when they fall due in the next twenty-four months from the date of approval of the consolidated financial statements for the year ended 31 December 2020. Such assistance to be received by the Group will not be secured by any assets of the Group.

   Subsequent to the above, Tuspark Venture received a written confirmation dated 29 March 2021 from Tus-Holdings Co., Ltd., its holding company, that it has committed to provide continuous financial support to Tuspark Venture in the following twenty-four months;

5. As at the date of approval of these consolidated financial statements, the Group has signed a facility agreement to obtain financing facilities of approximately RMB250.0 million from fellow subsidiaries of Tus-Holdings Co., Ltd.;

6. As at the date of approval of these consolidated financial statements, the Group has signed a letter of intention and is under negotiation of finalisation of a loan agreement with a financial institution amounting to a maximum of HK$220.0 million;

7. The Group has taken measures to tighten cost controls over production costs and expenses with the aim of attaining profitable and positive cash flow operations;

8. The Group may consider to dispose non-core business and/or financial assets if required; and

9. The Company has actively negotiated with investors for the extension of convertible bonds and obtaining further financing when necessary including but not limited to shareholder's loan, equity financing, bank borrowings and issuance of new convertible bonds to improve the liquidity of the Group.

In the opinion of the directors of the Company, in light of the various measures or arrangements implemented after the end of reporting period, the Group will have sufficient working capital for its current requirements and it is reasonable to expect the Group to remain a commercially viable concern. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

5. REVENUE AND SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision makers ("**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

During the year, the Group disposed the car trading and provision of financing service for leasing motor vehicles and equipment business, the car-carried purifier business and the business operations of research and development of software algorithm products under ADAS and other automotive components segment. Upon such disposals, the Group recognised its internal reporting structure which resulted in changes to the composition of its reportable segments. In accordance with the way in which information is now reported internally to the CODM for the purpose of resource allocation and performance assessment and the recent streamlining of certain reportable segments, the Group operates two reportable segments which principally engaged in research and development, production and sale of ADAS products ("**ADAS business**") and automotive-grade wireless connectivity modules ("**Automotive-grade wireless connectivity business**"). Comparative information has been restated to conform with the current year's presentation.

The following is an analysis of the Group's revenue and results by reportable and operating segments which does not included any amounts from the discontinued operations:

	Continuing operations		
	Automotive-grade wireless connectivity business	**ADAS business**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Year ended 31 December 2020			
Segment revenue	**426,830**	**303,469**	**730,299**
Segment results	**(153,844)**	**11,507**	**(142,337)**
Loss on disposal of property, plant and equipment			**(11)**
Gain on disposal of subsidiaries, net			**59,126**
Allowance under expected credit loss model, net of reversal			**(14,402)**
Unallocated corporate expense			**(53,930)**
Unallocated corporate income and gains			**12,305**
Finance costs			**(110,285)**
Loss before taxation			**(249,534)**

	Continuing operations		
	Automotive-grade wireless connectivity business	ADAS business	Total
	HK$'000	*HK$'000*	*HK$'000*
Year ended 31 December 2019			
Segment revenue	455,589	277,590	733,179
Segment results	(149,634)	(47,283)	(196,917)
Share of loss of a joint venture			(1,097)
Loss on disposal of property, plant and equipment			(326)
Loss on disposal of subsidiaries, net			(10,288)
Allowance under expected credit loss model, net of reversal			(11,242)
Unallocated corporate expense			(29,926)
Unallocated corporate income and gains			1,853
Finance costs			(66,616)
Loss before taxation			(314,559)

Segment results represent the profit earned by or loss from each segment without allocation of unallocated corporate expense, unallocated corporate income and gains, share of loss of a joint venture, loss on disposal of property, plant and equipment, gain/loss on disposal of subsidiaries, allowance under expected credit loss model, net of reversal and finance costs. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both years.

6. OTHER GAINS AND LOSSES

	2020	2019
	HK$'000	*HK$'000*
		(restated)
Continuing operations:		
Net foreign exchange gain/(loss)	**14,117**	(7,666)
Loss on disposal of property, plant and equipment	**(11)**	(326)
Gain/(loss) on disposal of subsidiaries, net	**59,126**	(10,288)
Others	**(2,483)**	(1,779)
	70,749	(20,059)

7. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
		(restated)
Continuing operations:		
Interest expenses on bank loans	**20,902**	23,788
Interest expenses on other loans	**51,011**	7,845
Imputed interest expenses on lease liabilities	**112**	874
Imputed interest expenses on convertible bonds	**17,409**	34,109
Finance cost on redemption of convertible bonds	**20,851**	–
	110,285	66,616

8. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging the following:

	2020	2019
	HK$'000	*HK$'000*
		(restated)
Continuing operations:		
Auditors' remuneration		
– Audit service	**1,200**	1,200
Staff costs (including directors' emoluments)		
– Salaries, wages and bonuses	**157,753**	158,807
– Retirement scheme contributions and welfare	**5,985**	7,396
– Share-based payments	**–**	977
Depreciation of property, plant and equipment	**24,354**	21,379
Depreciation of right-of-use assets	**9,182**	7,326
Amortisation of intangible assets	**85,054**	59,452
Expenses relating to short term lease and other leases with remaining lease term terminating on or before 31 December 2019	**6,807**	5,996
Cost of inventories	**509,157**	494,848
Written-off inventories	**7,024**	–

9. TAXATION

	2020	2019
	HK$'000	*HK$'000*
		(restated)
Continuing operations:		
Current tax:		
PRC Enterprise Income Tax	**–**	1,253
Hong Kong Profits Tax	**–**	(19)
Other than Hong Kong and the PRC	**696**	–
Over-provision in prior year (other than Hong Kong and PRC)	**–**	(916)
Deferred tax:		
Current year	**(19,347)**	(13,539)
Taxation	**(18,651)**	(13,221)

10. LOSS PER SHARE

(a) Basic loss per share

Continuing and discontinued operations

The calculation of basic loss per share from continuing and discontinued operations for the year ended 31 December 2020 is based on the loss for the year attributable to owners of the Company from continuing and discontinued operations of approximately HK$246,077,000 (2019: approximately HK$299,530,000) and the weighted average number of ordinary shares of approximately 2,063,615,000 (2019: approximately 1,929,699,000) in issue during the year.

Continuing operations

The calculation of the basic loss per share for the year ended 31 December 2020 from continuing operations are based on the loss for the year attributable to ordinary equity holders of the Company from continuing operations of approximately HK$226,452,000 (2019: approximately HK$299,539,000) and the weighted average number of ordinary shares of approximately 2,063,615,000 (2019: approximately 1,929,699,000) during the year.

Discontinued operations

The calculation of the basic loss per share for the year ended 31 December 2020 from discontinued operations are based on loss for the year attributable to ordinary equity holders of the Company from discontinued operations of approximately HK$19,625,000 (2019: profit of approximately HK$9,000) and the weighted average number of ordinary shares of approximately 2,063,615,000 (2019: approximately 1,929,699,000) during the year.

(b) Diluted loss per share

Continuing and discontinued operations

During the years ended 31 December 2020 and 2019, the computation of diluted loss per share does not include the Company's outstanding share options and outstanding convertible bonds because the effect was anti-dilutive. Therefore, the diluted loss per share of the Company is the same as the basic loss per share.

11. INVENTORIES

	2020	2019
	HK$'000	*HK$'000*
Raw materials	**61,542**	38,684
Work-in-progress	**3,351**	3,823
Finished goods	**75,703**	70,646
	140,596	113,153

12. TRADE AND BILLS RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables *(Note (a))*	**80,264**	160,103
Bills receivables	**15,406**	6,016
Deposits and prepayments	**1,517**	5,312
Other receivables	**87,691**	91,532
	184,878	262,963

(a) Ageing analysis

The ageing analysis of trade receivables, based on the invoice date, and net of allowance for credit losses, is as follows:

	2020	2019
	HK$'000	*HK$'000*
Within 3 months	**64,426**	144,609
Over 3 months but less than 6 months	**9,690**	8,991
Over 6 months but less than 12 months	**1,692**	815
Over 12 months	**4,456**	5,688
	80,264	160,103

The Group generally grants a credit period normally not more than 90 days from the date of billing.

13. TRADE AND BILLS PAYABLES AND OTHER PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Non-current liability:		
Other payable	**–**	144
Current liabilities:		
Trade payables *(Note (a))*	**190,630**	301,975
Bills payables	**4,743**	8,205
Other payables and accruals	**129,953**	140,701
	325,326	450,881

(a) Ageing analysis

The ageing analysis of trade payables is as follows:

	2020	2019
	HK$'000	*HK$'000*
Within 3 months	**70,327**	181,987
Over 3 months but less than 6 months	**109,552**	102,359
Over 6 months but less than 12 months	**4,478**	7,763
Over 12 months	**6,273**	9,866
	190,630	301,975

The credit period on trade payables is normally 90 days.

14. BORROWINGS

	2020	2019
	HK$'000	*HK$'000*
Bank borrowings *(Note (a) and (b))*	**329,225**	400,878
Other borrowings *(Note (c), (d) and (e))*	**551,814**	86,171
	881,039	487,049
Secured *(Note (a), (b), (d) and (e))*	**582,438**	354,743
Unsecured *(Note (c) and (e))*	**298,601**	132,306
	881,039	487,049
Carrying amount repayable:		
On demand or within one year	**881,039**	487,049
Less: amounts classified as current liabilities	**(881,039)**	(487,049)
Non-current liabilities	**–**	–

As at 31 December 2020 and 2019, terms of bank and other borrowings were summarised as follows:

(a) As at 31 December 2020, the short-term secured bank borrowings of approximately HK$72,334,000 (2019: approximately HK$98,653,000) carries fixed interest rate ranged from 4.35% to 5.44% (2019: 3.98% to 6.00%) per annum and repayable within one year and of which approximately HK$24,902,000 (2019: approximately HK$30,170,000) were secured by personal guarantee given by a director of a subsidiary, approximately HK$47,432,000 (2019: HK$22,348,000) were secured by pledging certain financial assets at FVTOCI of the Group and the remaining HK$nil (2019: approximately HK$46,135,000) were unsecured.

(b) As at 31 December 2020, the secured bank borrowings of approximately HK$256,891,000 (2019: approximately HK$302,225,000) carries variable interest rate at LIBOR + 2.45% per annum which effective interest rate at 4.35% (2019: 4.35%) which was secured by certain receivables and the entire issued share capital of which held the equity interest in the automotive-grade wireless connectivity business. The bank borrowing was a 3-year fixed term loan, which was classified as repayment on demand because of failure to fulfil certain financial covenants by the Group as stated in the loan agreement. Up to the date of these consolidated financial statements, the Group obtained waivers for strict compliance on the relevant financial covenant requirements from the relevant bank which will be effective until the second half of 2021 with several conditions subsequent to be satisfied.

(c) As at 31 December 2020, other borrowings of approximately HK$198,601,000 (2019: approximately HK$86,171,000) were unsecured, repayable within one year and carry fixed interest rate ranged from 4.35% to 14.00% (31 December 2019: 4.35% to 14.00%) per annum.

(d) As at 31 December 2020, other borrowings of approximately HK$170,000,000 (2019: HK$Nil) were secured by the entire ownership of a property held by a subsidiary of one of the shareholders of the Company and by a corporate guarantee provided from that subsidiary. The borrowings carry interests at 12.00% and are repayable within one year.

(e) As at 31 December 2020, other borrowings of approximately HK$183,213,000 (2019: HK$Nil) were reclassified from convertible bonds which were due on 9 June 2020 and the conversion rights were lapsed on 9 June 2020. Except for the amount of approximately HK$83,213,000 which was secured by the entire share capital of a subsidiary which held the equity interest in the ADAS business, the remaining amount of approximately HK$100,000,000 was unsecured, carrying interests at 21.00%. The directors of the Company are under negotiation with the bondholders on a restructure of repayment schedule.

15. Dividends

The directors of the Company do not recommend the payment of any dividends in respect of the year ended 31 December 2020 (2019: Nil).

16. Discontinued operations

(a) On 12 April 2019, an indirect wholly owned subsidiary of the Company, Suzhou Qiyixin Enterprise Management Co., Ltd entered into a sale and purchase agreement and agreed to sell 51% of the equity interests in Suzhou Yadu Cloud Technology Co. Limited (蘇州亞都雲科技有限公司) ("**Suzhou Yadu**") to Yadu Technology Group Co., Ltd. (亞都科技集團有限公司) at a consideration of RMB40.8 million (equivalent to approximately HK$46.1 million). Suzhou Yadu is principally engaged in the research and development of car-carried purifiers and related air technology and the sale of car-carried purifiers in the PRC. The disposal was completed on 25 December 2020. The profit for the period from discontinued operation of approximately HK$3,551,000 (2019: loss of approximately HK$2,036,000). Details of which were set out in the announcements of the Company dated 7 January 2019, 12 April 2019, 26 June 2019 and the circular of the Company dated 10 June 2019.

(b) On 26 June 2020, a wholly owned subsidiary of the Company, Quan Tai Limited entered into a sale and purchase agreement and agreed to sell 51% of the equity interests in Optimus Financial Group Limited ("**Optimus**") to Goldbond Group Investment Limited (金榜投資集團有限公司) at a consideration of HK$41.8 million. Optimus is principally engaged in the business segments of car trading and finance lease of motor vehicles and equipment. The disposal was completed as of 30 June 2020 and the Group ceased the operation of finance lease of motor vehicles and equipment business. The Group's car trading business was suspended in 2019. The loss for the period from discontinued operation of approximately HK$22,549,000 (2019: profit of approximately HK$2,053,000). Details of which were set out in the announcement of the Company dated 26 June 2020.

17. DISPOSAL OF SUBSIDIARIES

On 14 September 2020, an indirect wholly owned subsidiary of the Company, TUS Yunzhi Technology (Beijing) Limited (啟迪雲智科技(北京)有限公司) entered into an equity transfer agreement and agreed to sell 70% of the equity interests in TUS Cloud Control (Beijing) Technology Limited (啟迪雲控(北京)科技有限公司) and its subsidiary ("**Cloud Control business**") to Qingdao YHU Jing Pan Equity Investment Partnership (Limited Partnership) (青島頤和晶磐股權投資合夥企業(有限合夥)), Yangzhou Qidi Zhi Wang Investment Centre (Limited Partnership) (揚州啟迪智網投資中心(有限合夥)), Suzhou Shui Mui Shi Shang Investment Centre (Limited Partnership) (蘇州水木時尚投資中心(有限合夥)) and Huang Bing Qian (黄冰倩) at a consideration of RMB105.0 million (equivalent to approximately HK$123.9 million). The disposal was completed on 16 November 2020. The gain on disposal for the year ended 31 December 2020 of approximately HK$59,125,000. Details of which were set out in the announcements of the Company dated 14 September 2020 and 14 October 2020 and the circular of the Company dated 25 September 2020.

18. Comparative figures

The comparative statement of profit or loss has been restated as if the operation discontinued during the current year had been discontinued at the beginning of the comparative period.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Year under review, the Group was principally engaged in research and development, production and sale of advanced driving assistance system ("**ADAS**") and software algorithms products and automotive-grade wireless connectivity modules. ADAS products, ranging on the spectrum of active (control) and passive (warning), include around view monitoring, lane departure warning, forward collision warning, pedestrian detection, night vision, blind spot detection, driver fatigue monitoring and other ADAS-related technologies. Automotive-grade wireless connectivity modules are electronic modules that connect cars and infrastructure via wireless communication such as cellular networks (2G, 3G, 4G/LTE, LTE-A and in the future 5G technology) as well as per vehicle to vehicle V2X communication schemes.

IMPACT OF THE PANDEMIC

After the COVID-19 pandemic ("**Pandemic**") outbreak in late 2019, a series of precautionary and control measures have been implemented across the globe. These measures are believed to be effective in containing the outbreak, but the lock downs at the same time have significantly disrupted the movement of people and goods, supply chains and general economic conditions, and in turn affected the development pace of global automotive industry.

Although the Group has successfully revived its major operating businesses in this tough condition, it has experienced negative impact of the Pandemic in various ways, including temporary suspension of certain manufacturing activities of the Group in the PRC in the first half of 2020, continuous unstable supply chain which disrupted the overall procurement strategy of the Group and led to a temporary delay of the fulfilment of certain sales orders for major customers. In addition, the Group experienced a temporary scale down of business relationship with certain customers with long operating history. At the same time, fund raising activities of the Group during the Year under review were significantly affected whereas potential investors and financial institutions were more cautious on equity and debt financing, especially to loss making businesses. It is foreseeable that the Pandemic may remain unstable in 2021 and carry on until vaccines are readily available worldwide. As at the date of this announcement, uncertainties remain on the situation of the Pandemic which may affect the future prospects of the Group.

The Directors are paying close attention to the evolving development of, and the disruption to business and economic activities caused by the Pandemic and continuously evaluating its impact on the financial position, cash flows and operating results of the Group. Meanwhile, the Directors implemented strategies to improve the overall financial position of the Group in the short run while the Group strived its best to conduct active dialogue with creditors and shareholders of the Company (the "**Shareholders**") on our business developments as well as potential debt restructuring and re-financing plans with the creditors so as to improve the overall financing cashflows.

BUSINESS REVIEW

The unexpected temporary slowdown of the global automotive industry continued in 2020 owing to weakening demand in China and Europe and the outbreak of the Pandemic in late 2019 which disrupted temporary supply chains of the industry. The shutdown of production lines and implementation of government policies restricting the movement of goods and labour as a preventive measure to the Pandemic had severely disrupted the supply chains of the Group in the first half of 2020. The impact on the supply chain of the automotive industry had in turn led to a decrease in the demand for the Group's products, delay in fulfillment of sales orders of major customers of the Group as well as a temporary slowdown of the Group's purchase, production and sale cycle.

The Pandemic had since improved in China in the second half of 2020 while the Pandemic continued to spread over the rest of the world including Europe and the United States, the global economic situation has deteriorated and there is yet to be any certainty as to when the Pandemic could be successfully contained. In view of such uncertainty, business sentiments in the Group's major markets have been subdued during the Year under review and such situation is expected to continue. As the Group's businesses span across different countries and regions, rising geopolitical risks coupled with volatile financial markets worldwide also had an impact on the Group's operations. In particular, there has been an increase in difficulties for the European businesses of the Group to further penetrate the Chinese intelligent connected vehicle market as originally expected.

According to the statistical research conducted by the China Association of Automobile Manufacturers ("**CAAM**"), the volume of production and sale of automobile in China decreased by approximately 2.0% to approximately 25.2 million units and approximately 1.9% to approximately 25.3 million units, respectively, during the Year under review, comparing to the corresponding period in 2019; while the global sales volume of automobile decreased by approximately 1.3% to approximately 76.5 million units during the Year under review, comparing to the corresponding period in 2019. In particular, sales volume of automobiles in the United States and major countries in central and western Europe decreased by approximately 15% and 24% to approximately 14.5 million and 13.7 million units, respectively, during the Year under review, comparing to the corresponding period in 2019. This affected the ADAS and autonomous driving industry in 2020 despite being a fast-growing industry in the past years. The global ADAS and vehicle connectivity market size was previously projected to reach US$189 billion by 2026 with compound annual growth rate ("**CAGR**") of 21.4% from 2019 to 2026 , which has been lowered due to the Pandemic.

The major factors driving the growth of the ADAS and vehicle connectivity market are, among others, high demand for safety features, stringent safety rules and regulations, increased requirement for comfort and increased adoption from the automotive sector. It is expected that the China's ADAS and vehicle connectivity market will experience rapid growth due to possibility of upcoming mandatory regulations in basic safety systems and the current low penetration rate in China. However, high installation cost in vehicles and complex structure of systems which require skilled workers could impact on the growth of the ADAS and vehicle connectivity market significantly.

The Group operated in two business segments for the Year under review, namely the ADAS segment and the automotive-grade wireless connectivity segment. Both business segments were classified under one ADAS segment in the corresponding period in 2019. In view of the current development of the Group's business strategy and roadmap, the Directors considered it more appropriate to operate and manage the two reportable segments separately with an aim to deliver more useful information to the Shareholders to differentiate among the core technology and key business operation of the Group and to understand the overall operation and strategy of the Group.

As disclosed in the 2019 annual report dated 25 May 2020 (the "**2019 Annual Report**"), the Company's short-term corporate strategy focused on the development and expansion of its ADAS and vehicle connectivity business in the PRC, Europe, North America and the Asia-Pacific region. As a result, business segments of car-carried purifiers, car trading and finance lease of motor vehicles and equipment became non-core businesses of the Group and were disposed along with the ADAS sub-segment of cloud control business during the Year under review. For details, please refer to "Material Disposals" under section "IMPORTANT TRANSACTIONS DURING THE YEAR UNDER REVIEW".

Further, as a result of rising geopolitical risks and volatile financial markets in the countries and regions in which the Group's businesses operate, there remains an uncertainty as to whether the automotive-grade wireless connectivity business, which the Group acquired in 2019, may further penetrate the PRC market as originally expected in the short run. The Directors will strive to ensure that the Group closely monitors the development of economic and political factors to assess the exposure of geopolitical risks, and to formulate appropriate response strategies. Notwithstanding, the Directors are of the view that prioritising resources allocation of the Group on balancing among financial liquidity and business continuity will be of the best interest of the Shareholders as a whole in the long run. In addition, the Group is implementing cautious measures to balance among its working capital requirement, product development and market expansion.

During the Year under review, with the aim to improve financial performance, financial position and liquidity of the Group, the Directors implemented short-term strategies including (a) continuous tightening of cost controls by engaging professional restructuring experts to reorganize the corporate, operational and research and development structure of certain business segments and (b) improvement in product and market re-positioning which aim to enhance operating efficiency and effectiveness while not deteriorating valuable business opportunities. Further, the Group maintained its competitiveness in camera-based ADAS business with long term business relationship with major customers in the PRC and accelerated the penetration of automotive-grade wireless connectivity business into the PRC market. In addition to disposing non-core business segments during the Year under review for cash realization, the Directors are also in active dialogue with creditors on debt restructuring and negotiation on repayment terms and re-financing to improve short term liquidity.

FUTURE PLANS AND PROSPECTS

The Pandemic in China is expected to be under control given the introduction of vaccine and a recovery on Chinese economy and Chinese auto industry is expected in 2021, CAAM further projected that production and sale of automobile in the PRC in 2021 will improve while sales volume of electronic vehicle as well as new energy vehicle will reach a record high in 2021.

In the short run, the Group will maintain the competitiveness through capturing the market share in camera-based ADAS business in China and leveraging on the synergistic effect with the automotive-connectivity modules business and autonomous driving algorithm business to diversify its product mix and enhance its capability in developing high value added products and new applications through inhouse research and development efforts.

The Group will use its best endeavors to seek financial resources to repay the short term liabilities which had already fallen due or will fall due within one year; including, actively seeking debt re-financing projects, re-negotiation with creditors on the repayment terms and conditions disposing full or partial of core-business and financial assets of the Group; and, equity financing such as share placements, right issues or debt to equity conversions which may broaden shareholders base of the Company and our core businesses and may improve the overall working capital and gearing position of the Group.

In the long run, the Group will strengthen its market position by specialising its research and development capabilities and commercialisation of various forward looking and common technologies.

The Group will continue to communicate with different stakeholders including investors, government authorities, employees, customers, suppliers and different local organisations so that the Group can gain sufficient information regarding environmental conservation, health of employee, safety, development and training, supply chain management, product responsibility, anti-corruption and investment in communities and thereafter formulate relevant policies to satisfy the demands from different stakeholders.

FINANCIAL REVIEW

Revenue and business segments from continuing operations

Revenue of the Group for the Year under review decreased slightly by approximately 0.4% to approximately HK$730.3 million and gross profit increased by 31.2% to approximately HK$117.7 million (2019: HK$733.2 million and HK$89.7 million respectively). Such decrease in revenue was due to decrease in revenue from automotive-grade wireless connectivity business segment. By implementation of strategy to tighten cost controls in the second half of 2020 despite a temporary disruption on the supply-chain caused by the Pandemic in the first half of 2020 as well as recognition of one-off gains on disposal of subsidiaries, the Group recorded a decrease in net loss from continuing operations for the Year under review by 23.4% to approximately HK$230.9 million (2019: HK$301.3 million).

ADAS business

Revenue of the ADAS segment is mainly generated from sales of camera modules, around view monitoring systems, lane departure warning systems, digital video recorders (collectively "**Camera-based ADAS**") and software algorithms under the sub-segment of cloud control business (which was disposed during the Year under review). Major customers of the ADAS segment comprise mainstream automakers in the PRC, such as Guangzhou Automobile, Changan Auto, Dongfeng Nissan and Geely Automobile. Revenue and gross profit of ADAS segment increased by 9.3% and 44.9% to approximately HK$303.5 million and HK$53.3 million, respectively, for the Year under review (2019: HK$277.6 million and HK$36.8 million respectively). Gross profit margin was 17.6% for the Year under review (2019: 13.3%).

Automotive-grade wireless connectivity business

The Group's automotive-grade wireless connectivity segment is principally engaged in research and design and sale of automotive-grade wireless connectivity modules in the intelligent connected vehicle industry, through development of vehicle connectivity system and provision of cutting-edge connectivity solutions at "system on chip" (SoC) level. This segment operates through the supply of electronic modules connecting cars and infrastructure via wireless communication such as cellular networks (2G, 3G, 4G/LTE, LTE-A and in the future 5G technology) as well as per vehicle to vehicle and vehicle to everything (V2X) communication. By outsourcing the manufacturing and production processes to a leading semiconductors packaging and testing services provider, the Group can prioritise its resources on product innovation and customisation to meet its customers' satisfaction through pioneered industrial development. The Group plans to continue expanding its customer base, in particular in China, and its promotion of new LTE/V2X/5G modules and solutions by collaborating with the ADAS business segment and leading car manufacturers. Major customers of the automotive-grade wireless connectivity segment comprise mainstream automakers in the Europe and blue-chip OEMs and tier-one suppliers in Korea, including Tesla Motors, Hyundai Mobis and Continental Automotive.

Revenue of automotive-grade wireless connectivity segment decreased by 6.3% to approximately HK$426.8 million for the Year under review (2019: HK$455.6 million); while gross profit increased by 21.7% to approximately HK$64.3 million for the Year under review (2019: HK$52.8 million). Gross profit margin was 15.1% for the Year under review (2019: 11.6%).

Other Revenue

During the Year under review, other revenue increased by 85.8% to approximately HK$19.3 million (2019: HK$10.4 million) which mainly included bank interest income, one-off compensation income from customer and sundry income.

Other Gains and Losses

During the Year under review, other gains of approximately HK$70.7 million (2019: other losses of HK$20.1 million). The gains for the Year under review were mainly attributable to (i) one-off gain on disposal of cloud control business of approximately HK$59.1 million (2019: N/A) and (ii) net foreign exchange gains of approximately HK$14.1 million recognised for the Year under review (2019: net foreign exchange loss: HK$7.7 million).

Research and Development Expenses

During the Year under review, research and development expenses before capitalisation amounted to approximately HK$187.4 million (2019: HK$170.4 million) in which approximately HK$100.5 million (2019: HK$67.0 million) was capitalised as intangible assets.

Research and development expenses after capitalisation for the Year under review decreased by 16.0% to approximately HK$86.9 million (2019: HK$103.4 million). Such decrease was primarily due to continuous tightening of cost controls implemented by the Group to reorganize the research and development structure of certain business segments in the second half of 2020.

As of 31 December 2020, the Group has 138 research and development personnel and engineers (31 December 2019: 268 employees) involved in research and development for the ADAS business and automotive-grade wireless connectivity business. Such decrease by 48.5% in the number of research and development personnel and engineers was mainly attributable to the disposal of cloud control business during the Year under review and the reorganization of research and development structure of the existing business segments.

Depreciation and Amortisation

During the Year under review, depreciation and amortisation increased by 19.8% to approximately HK$86.8 million (2019: HK$74.5 million). Such increase was primarily due to an increase in depreciation and amortisation incurred in the automotive-grade wireless connectivity business (acquired by the Group on 27 February 2019), effectively as a result of proportional difference in recording only ten months of research and development expenses (i.e. March to December) in the corresponding period in 2019, as compared to twelve months for the Year under review.

Administrative Expenses

During the Year under review, administrative expenses increased by 15.7% to approximately 146.5 million (2019: HK$126.6 million) which were mainly due to the proportional difference in recording only ten months of administrative expenses (i.e. March to December) in the corresponding period in 2019, as compared to twelve months for the Year under review of administrative expenses in the automotive-grade wireless connectivity business, despite tightened cost control strategy implemented by the Group during the Year under review. Administrative expenses mainly included salaries, legal and professional fees and other operating expenses.

Finance Costs

During the Year under review, finance costs increased by 65.6% to approximately HK$110.3 million (2019: HK$66.6 million) which were attributable to (a) a recognition of one-off aggregated finance cost of HK$20.9 million (2019: nil) in respect of redemption of convertible bonds due repayable during the Year under review; and, (b) increase in average interest rate of other borrowings held during the Year under review.

Taxation

The Group recorded a deferred tax credit of approximately HK$19.4 million (2019: HK$13.5 million) and current tax expenses, net of over-provision in prior year of approximately HK$0.7 million (2019: HK$0.3 million). As a result, the Group recorded net income tax credit of approximately HK$18.7 million during the Year under review (2019: HK$13.2 million).

Net loss attributable to owners of the Company

As a result of the factors discussed above, the Group's net loss for the Year under review attributable to owners of the Company decreased by 17.8% to approximately HK$246.1 million (2019: HK$299.5 million).

Financial assets at fair value through other comprehensive income

The investments which are held as long-term strategic investments and not expected to be sold in the short to medium term are classified under financial assets at fair value through other comprehensive income ("**FVTOCI**"). Changes in fair value would be recognised in other comprehensive income ("**OCI**") and would not be recycled to profit and loss, even if the asset is sold or impaired.

As at 31 December 2020, investments of approximately HK$195.1 million were classified under FVTOCI (31 December 2019: HK$265.4 million) and changes in fair value through OCI (net of exchange realignment) of approximately HK$40.0 million (2019: HK$45.6 million) was recognised during the Year under review.

Details of the significant investments are as follows:

	As at 31 December 2020					
	Percentage of equity interests held in the investee	**Percentage to the Group's total assets**	**Fair value at 31 December 2020**	**Fair value gain/(loss) (net of exchange realignment) during the Year under review**	**Disposal during the Year under review**	**Fai value at 31 December 2019**
	%	*%*	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*
More Cash	**–**	**–**	–	(0.4)	(30.0)	30.4
Sino Partner	**2.46**	**1.3**	22.3	(14.3)	–	36.6
Tus Suzhou	**14.00**	**6.5**	108.9	(40.5)	–	149.4
National Innovation Center	**4.55**	**3.7**	61.7	14.8	–	46.9
Others	**N/A**	**0.1**	2.2	0.1	–	2.1
Total		**11.6**	195.1	(40.3)	(30.0)	265.4

GOODWILL

Discussion of goodwill allocated to each of the Group's cash-generating units ("**CGUs**") are as follows:

	31 December 2020	**Impairment during the Year under review**	**Disposal during the Year under review**	**31 December 2019**
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*
Camera-based ADAS CGU	161.4	–	–	161.4
Finance lease CGU	–	–	(3.4)	3.4
Wireless Business Group CGU	486.5	–	–	486.5
Total	647.9	–	(3.4)	651.3

For the purpose of the annual impairment test as at 31 December 2020, the recoverable amounts of the Camera-based ADAS and Automotive-grade wireless connectivity CGUs have been determined based on fair value less costs of disposal calculations using discounted cash flow projections (i.e. income approach). The Group has engaged independent professional valuers to assist in the determination of the recoverable amount of the respective CGU. Discounted cash flow projections are prepared based on financial estimates approved by the Directors covering a five-year period and discount rates which reflect specific risks relating to respective CGU. Cash flows beyond the five-year period are extrapolated using estimated long term growth rates with reference to certain external data.

The Group considers the discounted cash flow method as a generally acceptable valuation technique that incorporates more information about the future prospects of respective CGU for the determination of their recoverable amounts.

Assumptions were used in the fair value less costs of disposal calculations of the respective CGU. The following describes key assumptions on which the Directors have based their discounted cash flow projections to undertake impairment testing of goodwill of respective CGU with indefinite useful lives.

(i) Camera-based ADAS CGU

Given the Pandemic impact on the automotive industry in 2020, the financial results, including the revenue and Earnings before finance costs, income tax, depreciation and amortisation ("**EBITDA**") of this CGU for year ended 31 December 2020 were less than the original financial budget estimated by the Directors, by approximately 10% and 29%, respectively.

By considering the external factors (including the possible effect of the Pandemic and industrial development) and internal factors (including revised corporate and business strategy due to corporate restructuring up to the date of this announcement), the Group revisited the financial budget of this CGU for the years ending 31 December 2021 to 2025.

As of 31 December 2020, the carrying amount and the recoverable amount of this CGU amounted to approximately HK$184.5 million and HK$199.8 million, respectively (2019: HK$169.7 million and HK$ 215.6 million). No impairment loss was recognised during the Year under review (2019: Nil).

The Directors considered that a reasonably possible change in the key assumptions and inputs on this CGU may cause the carrying amount of this CGU to exceed its recoverable amount.

After due and careful enquiry of geographical and industrial specific risks, the Directors considered that the financial budget and the future cashflows of this CGU will not be adversely affected by the Pandemic in the short and long run with the assumption that the Pandemic being under control in the PRC.

(ii) Finance lease CGU

As mentioned below in the section headed "Material Disposals", the Group's finance lease of motor vehicles and equipment business segment was disposed through disposal of 51% equity interest in Optimus Financial Group Limited on 30 June 2020. As a result, the goodwill related to the finance lease CGU of approximately HK$3.4 million was derecognised upon disposal.

(iii) Automotive-grade wireless connectivity CGU

As disclosed in the 2020 interim report of the Company dated 28 August 2020 (the "**2020 Interim Report**"), the continued slowdown of the global automotive industry in 2020 attributable to the Pandemic which disrupted the supply chains of the industry and led to a decrease in the passenger vehicle sales in the PRC and Europe. The slowdown in automotive industry has affected the autonomous driving industry in the first half of 2020. In addition, the impact on the supply chain of the automotive industry led to a decrease in the demand for the Group's automotive-grade wireless connectivity modules as well as a temporary slowdown of the Group's purchase, production and sale cycle. Due to unpredictable impact of the Pandemic to the global economy in the second half of 2020, the Group anticipated that a full resumption of ecosystem of the automotive industry may not be resulted in the short run.

It was further disclosed in the 2020 Interim Report regarding the details of impairment indicator of the goodwill of this CGU determined by the Group and the interim assessment and key due diligence work performed by the Directors to assess whether the original financial budgets approved for the year ended 31 December 2019 remained appropriate. It was further concluded that a revised financial budget (the "**2020 Interim Wireless Forecast**") was approved by the Directors for impairment assessment and that no impairment was determined as of 30 June 2020.

Based on the actual financial results of this CGU for the Year under review, revenue recognised by this CGU for the Year under review was approximately 17% less than the estimated revenue in the 2020 Interim Wireless Forecast due to further delay in fulfilment of sales orders in the second half of 2020 which was attributable to continuous negative impact of the Pandemic on global supply-chain management. Nevertheless, given tightened costs control and corporate restructuring strategy implemented by the Directors in the second half of 2020 which resulted in significant cost reduction, the EBITDA of this CGU for the Year under review approximately met that forecasted in the 2020 Interim Wireless Forecast.

Given the reasons that continuous losses on EBITDA resulted by this CGU and the temporary financial liquidity difficulties encountered by the Group, and by considering the external factors (including the possible effect of the Pandemic and industrial development) and internal factors (including revised corporate and business strategy due to corporate restructuring up to the date of this announcement); the Group revisited the financial budget of this CGU for the years ending 31 December 2021 to 2025.

As of 31 December 2020, the carrying amount and the recoverable amount of this CGU amounted to approximately HK$213.2 million and HK$223.9 million, respectively (2019: HK$369.8 million and HK$470.4 million). No impairment loss was recognised during the Year under review (2019: Nil).

The Directors considered that a reasonably possible change in the key assumptions and inputs on this CGU will cause the carrying amount of this CGU to exceed its recoverable amount.

The operation of this CGU spans across different countries and regions, rising geopolitical and industrial risks coupled with volatile financial markets worldwide also had an impact on its operations in 2020. As such, this created additional barriers and difficulties for this CGU with European presence to effectively penetrate the Chinese automotive market as originally expected by the Directors. As a result, the Directors determined that such non-controllable impact by the geopolitical and Pandemic factors may further adversely affect the business performance of this CGU in the short and long run.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING AND TREASURY POLICY

Going Concern

During the Year under review, the Directors implemented the following strategies and certain liquidity measures to strengthen the Group's financial position as disclosed in the 2019 Annual Report:

1) The Group re-negotiated with creditors and financial institutions to secure the renewals of the Group's borrowings when they fall due during the Year under review.

2) Based on the audited financial statements of the automotive-grade wireless connectivity business for the Year under review and the corresponding period in 2019, the Group has failed to fulfil certain financial covenants as stated in the terms of the banking facilities of US$38.5 million (the "**Banking Facilities**") as at 31 December 2020 and 2019. Therefore, outstanding balance of US$32.7 million (2019: US$38.5 million) of the Banking Facilities was reclassified as short-term borrowings as of both 31 December 2020 and 2019. Such breach entitles the lender ("**the Bank**") to, among others, declare the outstanding principal amount, accrued interest and all other sums payable under the Banking Facilities immediately due and payable.

   The Group held continuous dialogue with the Bank on the business plans and strategy of the Group. During the Year under review and as at 31 December 2020, the Group received a conditional waiver of strict compliance on certain financial covenant requirements.

3) The largest Shareholder, Tuspark Venture Investment Limited ("**Tuspark Venture**"), through its fellow subsidiaries (subsidiaries controlled by Tus-Holdings Co., Limited ("**TUS Holdings**")), provided continuous financial supporting to the Group during the Year under review, including but not limited to providing financial assistances such as unsecured loans (conducted on normal commercial terms or better) and assets security for the Group to obtain a facility line from a financial institution. A written confirmation from Tuspark Venture in terms of financial support to the Group in the following 24 months on a going concern basis was received on 29 March 2021. Such assistance to be received by the Group will not be secured by any assets of the Group. Further, Tuspark Venture received a written confirmation dated 29 March 2021 from TUS Holdings, its holding company, that TUS Holdings will provide financial support to the Tuspark Venture in the following 24 months.

4) The Group obtained a short-term loan from a financial institution for general working capital purpose.

5) The Group implemented strategies to tighten costs control by engaging professional restructuring experts to reorganize the corporate, operational and research and development structure of certain business segments and advised on the improvement in product and market re-positioning which aim to enhance operating efficiency and effectiveness while not deteriorating valuable business opportunities.

6) The Group completed the disposal of certain non-core business and financial assets during the Year under review. For details, please refer to “Material Disposals” under the section “IMPORTANT TRANSACTIONS DURING THE YEAR UNDER REVIEW”. An aggregated net cash inflow from these disposals of approximately HK$120.0 million were received during the Year under review. The net proceeds had been applied to repayments of debts and general working capital of the Group the Year under review.

7) In respect of the HK$300.0 million convertible bonds which were due on 9 June 2020, the Group had repaid certain portion of finance costs and principal of the convertible bonds to the former convertible bond holders during the Year under review. As of the date of this announcement, the Group had fully redeemed HK$200.0 million convertible bonds from two former convertible bond holders. The remaining unsettled portion of convertible bonds amounted to principal of HK$100.0 million plus accrued finance costs was held by Tuspark Venture. The Group was under advanced negotiation with Tuspark Venture in respect of a long-term loan arrangement to settle the overdue convertible bonds and accrued finance costs. No demand for immediate repayment was requested by Tuspark Venture during the Year under review and up to the date of this announcement.

8) The Group engaged various business partners and had dialogue with potential investors during the Year under review in respect of potential additional financing including but not limited to equity financing, borrowings and issuance of new convertible bonds to improve the liquidity of the Group. Nevertheless, potential investors expressed their view of formulating a more prudent investment strategy given the unstable development of economic and political factors around the world. Save as disclosed herein, no other financing activities were achieved by the Group during the Year under review.

The Group recorded a net loss of approximately HK$249.9 million for the Year under review (2019: HK$301.3 million) and net current liabilities of approximately HK$882.7 million as of 31 December 2020 (31 December 2019: net current liabilities of approximately HK$656.1 million) which may have a considerable impact on the liquidity position of the Group.

These events and conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business.

In view of the circumstances and conditions mentioned above, the Directors have given due consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. In order to improve the Group's liquidity and cash flows to sustain the Group as a going concern, save as the liquidity measures implemented during the Year under review mentioned above, the Group is further implementing, or is in the process of implementing, the following key plans and measures:

(i) Continuous financial support from Shareholders

On 19 March 2021, in view of financial liabilities of the Group (excluding liabilities due to Shareholders and its subsidiaries) of approximately HK$280.0 million which will fall due within 12 months from the date of this announcement (based on normal repayment schedule), the Group entered into a loan agreement with certain subsidiaries of TUS Holdings for a credit facility of approximately RMB250.0 million. Pursuant to the said loan agreement, the lender(s) will provide available cash to the Group in respective dates as stipulated therein. The Group may, at its discretion, draw down the credit facility to meet the above-mentioned financial liabilities of approximately HK$280.0 million which will fall due within 12 months from the date of this announcement. Such financial assistance provided by the lender(s) constituted a connected transaction and was conducted on normal commercial terms or better.

Given continuous financial support provided by TUS Holdings through its subsidiaries and no demand for immediate repayment of these outstanding loans from lenders, the Directors do not expect to repay the borrowings provided by TUS Holdings through its subsidiaries unless the Group has sufficient financial resources to do so.

(ii) Debt restructuring and active sourcing of financial resources

Given the Group did not meet the requirements of certain financial covenants under the Banking Facilities as of 31 December 2020 and 2019, the Bank reserves the right to declare the outstanding principal amount, accrued interest and all other sums payable under the Banking Facilities immediately due and payable. Continuous negotiation and dialogue were held with the Bank during the Year under review. As at the date of this announcement, the Bank has not declared any outstanding amount to be due and payable under the Banking Facilities.

As at the date of this announcement, the Group obtained formal waivers on strict compliance of certain financial covenants under the Banking Facilities up to the second half of year 2021 with several conditions subsequent to be satisfied (including but not limited to, continuous financial support to the automotive-grade wireless connectivity business for the year ending 31 December 2021, re-negotiation/extension of several other debts of the Company which were overdue and other administrative requirements). By assessing the conditions subsequent offered by the Bank, the Directors will use their best endeavours to satisfy the said requirements imposed by the Bank. In addition, the Group is under advanced discussion with the Bank for potential loan restructuring and there has been good progress in the discussions. The potential restructuring of the Banking Facilities may provide additional flexibilities to the Group to obtain further working capital financial resources from other financial institutions.

In view of the short-term borrowings which will be due in the first half of 2021, the Directors had obtained re-financing proposals from potential investors. The Directors were under advanced negotiation with the potential investors in addition to considering the overall business and financial strategy of the Group as a whole. Based on the best estimate of the Directors, the re-financing proposal is expected to conclude prior to the due date of the original short-term borrowings.

Given the continuous losses and net cash outflows incurred by the Group in recent years, a growing trend of the gearing ratio of the Group was resulted. Gearing ratio was increased from approximately 0.55 as of 31 December 2018 to approximately 0.59 as of 31 December 2019, and further increase to approximately 0.79 as of 31 December 2020. In order to restore the financial position of the Group back to a healthy and sustainable position, the Directors are considering, among all other possible solutions, with the major Shareholders and creditors on conducting a debt-to-equity exercise. By converting the respective debts into equity of the Company, the Directors expect the gearing ratio of the Group will be significantly improved.

The Directors were of the view that such potential debt-to-equity exercise involves complex legal and financial issues which may or may not be concluded in short term.

(iii) Restructuring of business, corporate and organisational strategy

The Directors are reviewing the business operation situation and considering a range of action plans to address the working capital and liquidity position of the Group. The Directors further reviewed the short-term financial budgets of the two major business segments of the Group as of 31 December 2020. It is noted that significant working capital requirement and capital investments are required to manage the growth sustainability of both segments in the short run.

The Directors regularly review the cashflow forecast of the Group and considered that, unless sufficient financial resources could be raised from potential investors or continuous financial support could be received by the Shareholders, the two major business segments may not have sufficient and available financial resources to sustain the growth expected by the Directors.

Significant difficulties were encountered by the Group in fundraising during the Year under review given the unstable development of economic and political factors in the world under the current Pandemic situation and Sino-US trade tension. In view of such short-term financial needs on working capital and capital investments to be injected into the business segments, the Directors may consider to partially or wholly dispose the equity interests in either or both business segments to realise cash for future developments.

Nevertheless, the Group is contemplating to expand business activities for additional sources of incomes, including but not limited to expanding its geographic penetration into unexplored regions, expanding product and income variety in terms of sales of software, technical engineering services and licensing of certain intellectual properties. In addition, the Group is exploring and seeking business partnership to expand the future business opportunities with independent third parties for strategic alliances as well as attracting potential investors for passive capital investment into certain business segments of the Group to enhance overall financial resources to support the growth.

(iv) Extension of due dates/renewal of borrowings

The Group is actively negotiating with certain financial institutions and creditors to seek extension of due dates or to renew certain bank and other borrowings. Subsequent to 31 December 2020 and up to the date of this announcement, notwithstanding the continuous impact of the Pandemic, the Group had successfully renewed borrowings from certain banks and the repayment dates were deferred for a period ranging from 6 to 12 months.

(v) Cost control measurements

During the Year under review, the Group implemented strategies to tighten costs control by engaging professional restructuring experts to reorganize the corporate, operational and research and development structure of certain business segments and the Group is committed to continuously reviewing the effectiveness and efficiency of the operation and research and developments structures while further tightening cost controls over the daily administration and other operating expenses are to be implemented, including but not limited to optimizing the organization structure and employee head-counts and aiming at improving the working capital and cash flow position of the Group for the next twelve months, without adversely affecting overall operation and business development opportunities.

The Directors, including members of the audit committee of the Company, have reviewed the Group's business strategy plan and cash flow projections, covering a period of not less than 12 months from the date of this announcement. Although there is an uncertainty which may cast significant doubt on the Group's ability to continue as a going concern, the Directors, after taking into account the above-mentioned plans and measures, are of the opinion that, the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within 12 months from the date of this announcement. Accordingly, the Directors believe that the use of going concern assumption in the preparation and presentation of the consolidated financial statements for the Year under review is appropriate.

Notwithstanding the above, Shareholders are reminded to be aware that significant uncertainties may exist as to whether the Group will be able to continue as a going concern and it will heavily depend upon the Group's ability to successfully and timely implement the above-mentioned strategies in the coming 12 months from the date of this announcement. Any deviation of the results from the implementation of those strategies may significantly affect the going concern assumption of the Group.

Net Borrowing Position

The total borrowings, including borrowings and convertible bonds, as at 31 December 2020 increased by approximately 11.8% to approximately HK$983.3 million (31 December 2019: HK$879.9 million). The increase in total borrowings was mainly attributable to a new short-term loan facility of HK$170.0 million obtained from a financial institution during the Year under review for general working capital purpose. In addition, cash and bank balances and pledged deposits as at 31 December 2020 decreased by 73.5% to approximately HK$31.1 million (31 December 2019: HK$117.3 million). Such decrease was due to repayment of certain borrowings and net operating cash outflows during the Year under review. As such, the net borrowings increased by 24.9% to approximately HK$952.2 million (31 December 2019: HK$762.6 million).

Structure of Interest-Bearing Borrowings and Net Borrowing Position

The Group's short-term borrowings increased to approximately HK$881.0 million as at 31 December 2020 (31 December 2019: HK$487.0 million). Such increase was primarily due to a new short-term loan facility of HK$170.0 million obtained from a financial institution during the Year under review for general working capital purpose and reclassification of convertible bonds of outstanding principal amount of HK$183.0 million due on 9 June 2020 of which conversion rights were lapsed.

Short-term borrowings include bank loans in an aggregate principal amount of approximately HK$329.2 million (31 December 2019: HK$400.9 million) with floating interest rate of LIBOR plus 2.45% and fixed interest rates of 4.4% – 5.4% (31 December 2019: floating interest rate of LIBOR plus 2.45% and fixed interest rates of 3.9% – 6.0%), and other loans of approximately HK$551.8 million (31 December 2019: HK$86.1 million) with fixed interest rates of 4.4% – 21.0% (31 December 2019: 4.4% – 14.0%) of which approximately HK$232.1 million were overdue and repayable on demand as of 31 December 2020. As at the date of this announcement, no immediate demand for repayment was requested by the lenders. The short-term borrowings were primarily used to finance short-term cash flows for the operations of the Group. Approximately HK$72.3 million and HK$256.9 million of the bank loans were denominated in Renminbi and US dollar, respectively, as of 31 December 2020 (31 December 2019: approximately HK$52.5 million and HK$348.4 million, respectively). As for the other loans, approximately HK$8.7 million, HK$486.5 million and HK$56.6 million were denominated in US dollar, Hong Kong dollar and Renminbi, respectively, as of 31 December 2020 (31 December 2019: approximately HK$8.7 million, HK$24.0 million and HK$53.4 million, respectively).

As of 31 December 2020, the Group had convertible bonds of approximately HK$92.7 million (31 December 2019: HK$392.8 million) classified under non-current liabilities (31 December 2019: current liabilities: HK$300.0 million; non-current liabilities: HK$92.8 million). Such decrease was due to reclassification of the convertible bonds which were due on 9 June 2020 to other borrowings given such conversion rights were lapsed on the same day. As of 31 December 2020, the Company and the bondholders are under advanced negotiation on a transitional repayment schedule.

Turnover Days, Liquidity Ratios and Gearing Ratios

Credit terms, normally not more than 90 days from the date of billing, are granted to customers, depending on their credit worthiness and business relationships with the Group. Trade receivable turnover days for the Year under review was approximately 49 days (31 December 2019: 83 days). Trade payables turnover days and inventory turnover days for the Year under review were approximately 116 days and 84 days respectively (31 December 2019: 176 days and 63 days respectively). The Pandemic had disrupted the liquidity of certain major suppliers of the Group and credit limit granted to the Group were reduced. Therefore, to enhance the liquidity and financial position of the Group, the Group requested a temporary decrease in credit terms for certain customers to improve the overall operating cashflows. As a result, turnover days of trade receivables and trade payables were significantly decreased in the Year under review.

The current ratio and quick ratio as at 31 December 2020 decreased to approximately 0.29 (31 December 2019: 0.48) and 0.18 (31 December 2019: 0.39) respectively. Such decrease was primarily due to net operating cash outflow for the Year under review. Gearing ratio was derived from net debts (i.e. total of borrowings and convertible bonds less cash and cash equivalent) to total equity and total debts was approximately 0.79 (31 December 2019: 0.59).

CHARGE OF ASSETS

As at 31 December 2020, bills payable were pledged with bank deposits and bills receivable amounting to approximately HK$nil million and HK$4.0 million, respectively (31 December 2019: HK$3.9 million and HK$4.3 million respectively).

Certain financial assets at FVTOCI and all shares of the subsidiaries in the automotive-grade wireless connectivity business were pledged for an aggregate banking facilities of approximately HK$304.3 million (31 December 2019: approximately HK$324.6 million).

All shares of a subsidiary which held certain subsidiaries of the ADAS business were pledged to a former convertible bond holder for an overdue aggregated outstanding payable of approximately HK$83.0 million. As at the date of this announcement, such outstanding payable was settled in full and such pledge was released unconditionally.

Save as disclosed above, the Group had no other significant pledge of assets as at 31 December 2020.

CONTINGENT LIABILITIES

As at 31 December 2020, the Group did not have any material contingent liabilities (31 December 2019: nil).

IMPORTANT TRANSACTIONS DURING THE YEAR UNDER REVIEW

Material Disposals

During the Year under review, the Group completed several disposals of non-core and financial assets businesses for cash realisation to improvement working capital liquidity and debt repayment:

(A) Car-carried purifiers business

On 12 April 2019, the Group entered into a disposal agreement to dispose 51% of the equity interest of Suzhou Yadu Cloud Technology Co. Limited* (蘇州亞都雲科技有限公司) ("**Suzhou Yadu**") at a consideration of RMB40.8 million (the "**Suzhou Yadu Disposal**"). Suzhou Yadu operated in the car-carried purifiers business in the PRC. The Suzhou Yadu Disposal was completed in December 2020 and the Group ceased the operation of car-carried purifiers business. Please refer to the announcements of the Company dated 7 January 2019, 12 April 2019 and 26 June 2019, and the circular of the Company dated 10 June 2019 for further details of the Suzhou Yadu Disposal.

(B) Car trading and finance lease of motor vehicles and equipment business

The Group's car trading business was suspended in 2019 due to the changes of the Company's overall strategy in 2017. Car trading business was disposed along with the disposal of finance lease of motor vehicles and equipment business in June 2020.

On 26 June 2020, the Group entered into a disposal agreement to sell 51% of the equity interest of Optimus Financial Group Limited to an independent third party at a consideration of HK$41.8 million (the "**Optimus Disposal**"). Optimus Financial Group Limited and its subsidiaries operated in the business segments of car trading and finance lease of motor vehicles and equipment. The Optimus Disposal was completed on 30 June 2020 and the Group ceased the operation of finance lease of motor vehicles and equipment business. Please refer to the announcement of the Company dated 26 June 2020 for further details of the Optimus Disposal.

(C) Cloud control business

On 14 September 2020, the Group entered into an equity transfer agreement to dispose 70% of the equity interest of TUS Cloud Control (Beijing) Technology Limited* (啟迪雲控(北京)有限公司) ("**Cloud Control business**") at a consideration of RMB105.0 million (the "**Cloud Control Disposal**"). TUS Cloud Control (Beijing) Technology Limited and its subsidiaries operated in the ADAS business segment specialized in the development of the cloud control platform for intelligent and connected vehicles and its application, and worked closely with other founding members of the National Innovation Center of Intelligent Connected Vehicles (the "**National Innovation Center**") to promote the project of the national big data cloud control platform for intelligent connected vehicles. The Cloud Control Disposal was completed in November 2020 and the Group ceased the operation of Cloud Control business.

Tuspark Venture is a substantial shareholder of the Company holding 452,519,805 Shares (representing approximately 21.93% of the total issued share capital of the Company) and is a wholly-owned subsidiary of TUS Holdings. As of the date of the circular of the Company dated 25 September 2020, TUS Holdings held 38.8% and 76.0% of indirect equity interests of two of the purchasers, respectively. Accordingly, the two purchasers were associates of Tuspark Venture and TUS Holdings, and were connected persons of the Company under Chapter 14A of the Rules Governing the Listing of Securities on Stock Exchange ("**Listing Rules**"), and the transaction contemplated under the equity transfer agreement constituted a connected transaction of the Company. An extraordinary general meeting was held on 14 October 2020 for the Shareholders to consider and approve the transaction.

Please refer to the announcements of the Company dated 14 September 2020 and 14 October 2020 and the circular of the Company dated 25 September 2020 for further details of the Cloud Control Disposal.

(D) 18% equity interest in More Cash Limited

On 14 April 2020, a wholly owned subsidiary of the Company, Bright Ample Limited, entered into a sale and purchase agreement and agreed to sell 18% of the equity interests in More Cash Limited to an independent third party at a consideration of HK$30.0 million. Such disposal was completed in April 2020 and the accumulated other comprehensive losses of approximately HK$43.0 million were transferred from reserve to accumulated losses of the Group for the Year under review.

Save as disclosed herein, the Group did not have any other material acquisitions or disposals during the Year under review.

CONNECTED TRANSACTIONS

On 14 September 2020, the Group entered into an equity transfer agreement to dispose 70% of the equity interest of TUS Cloud Control (Beijing) Technology Limited to various purchasers (including two connected persons) for a consideration of RMB105 million. Such disposal constituted a connected transaction of the Company and was subject to the reporting, announcement, circular, and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. An extraordinary general meeting was held on 14 October 2020 for the shareholders to consider and approve the transaction.

During the Year under review, certain subsidiaries of TUS Holdings provided financial support to the Group to improve the working capital and liquidity of the Group and to assist the Group to meets its financial obligations when they fall due. Such advancements from shareholders were unsecured and were conducted on normal commercial terms or better. These advancements were connected transactions of the Company and were fully exempt from the reporting, announcement, circular, and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Save as disclosed herein, the Group did not enter into any other connected transactions during the Year under review.

EVENTS AFTER THE REPORTING PERIOD

On 11 January 2021, the Company granted share options to an executive director, Mr. Hu Bo, under the 2019 Share Option Scheme. For details, please refer to the announcement of the Company dated 11 January 2021.

On 1 February 2021, a wholly owned subsidiary of the Company, TUS Zhixing Technology (Beijing) Limited*（啟迪智行科技（北京）有限公司）, entered into a sale and purchase agreement and agreed to dispose its wholly owned subsidiary, TUS Yunzhi Technology (Beijing) Limited*（啟迪雲智科技（北京）有限公司）which holds 4.55% of equity interests in National Innovation Center (a financial asset at FVTOCI). For details, please refer to the announcements of the Company dated 1 February 2021 and 4 February 2021.

Save as disclosed herein, no subsequent events occurred after 31 December 2020 and up to the date of this announcement, which may have a significant effect on the assets and liabilities or future operations of the Group.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2020, the Group employed 368 staff in the PRC, the US, Europe, Asia Pacific and Hong Kong (31 December 2019: 601). Remuneration of employees including Directors' emoluments was approximately HK$163.6 million for the Year under review (2019: HK$166.2 million).

The Group reviews employee remuneration from time to time and salary increment is normally approved annually or by special adjustment depending on length of services and performance of the employees when warranted. In addition to salaries, the Group provides employee benefits including medical insurance and provident fund. Share options and bonuses are also available to employees of the Group at the discretion of the Board and depending upon the performance of the Group. During the Year under review, the Group did not adopt any long-term incentive schemes.

FINAL DIVIDENDS

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2020 (2019: Nil).

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

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Year under review.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND MODEL CODE

Corporate Governance Code

Saved as mentioned below, the Company has complied with all of the code provisions under the Corporate Governance Code and the Corporate Governance Report (the "**CG Code**") set out in the Appendix 14 to the Listing Rules, during the Year under review.

Chairman and Chief Executive Officer

Under code provision A.2.1 of the CG Code, the roles of both the chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Ma Chi Kong Karl has been appointed as executive Director and the chairman of the Company (the "**Chairman**") on 15 July 2016, while the role of the chief executive officer has been performed collectively by all executive Directors for the Year under review. Mr. Ma Chi Kong Karl was subsequently re-designated as non-executive Director on 8 February 2021 and thus the roles of the chairman and chief executive officer had been separated.

Model Code for Securities Transactions by Directors

During the Year under review, the Company has adopted the model code set out in Appendix 10 of the Listing Rules for securities transactions by Directors. The Company, having made specific enquiry of all Directors, confirmed that they have complied with the required standard set out in the adopted code regarding their securities transactions in 2020.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The audit committee of the Company (the "**Audit Committee**") consists of three independent non-executive Directors, namely, Mr. Lee Kwok Tung Louis, Hon. Quat Elizabeth *(JP)* and Dr. Koong Hing Yeung Victor, and a non-executive Director, Mr. Tsang Ling Biu Gilbert. The committee is chaired by Mr. Lee Kwok Tung Louis who possesses professional accounting qualification. The primary duties of the Audit Committee are to assist the Board to fulfill the functions of reviewing and monitoring the financial reporting procedure and internal control of the Company and to perform other duties and responsibilities as assigned by the Board.

The Audit Committee has discussed with the management of the Group and reviewed the audited financial results of the Group for the Year under review, including the accounting principles and practices adopted by the Group, and discussed financial related matters. The consolidated financial statements of the Group for the Year under review have been audited by the auditor of the Group, Messrs. HLB Hodgson Impey Cheng Limited ("**HLB**"), Certified Public Accountants. The financial data in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the Year under review as set out in this announcement have been compared by HLB, to the amounts set out in the Group's audited consolidated financial statements for the Year under review and the amounts were found to be in agreement. The work performed by HLB in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's audited consolidated financial statements for the year ended 31 December 2020. The report includes paragraphs of material uncertainty related to going concern, without modification:

"Opinion

"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 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance."

Material Uncertainty Related To Going Concern

We draw attention to Note 3 in the consolidated financial statements, which indicates that the Group incurred a loss of approximately HK$249,881,000 for the year ended 31 December 2020 and, as of that date the Group had net current liabilities of approximately HK$882,745,000. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter."

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange at www.hkex.com.hk and on the website of the Company at www.tus-i.com. The 2020 annual report of the Company containing all the information required under the Listing Rules will be despatched to the Shareholders and available on the above websites in due course.

By order of the Board
TUS International Limited
Ma Chi Kong Karl
Chairman

Hong Kong, 29 March 2021

As at the date of this announcement, the Board comprises Mr. Hu Bo who is an executive Director, Mr. Ma Chi Kong Karl (Chairman) and Mr. Tsang Ling Biu Gilbert who are non-executive Directors, and Hon. Quat Elizabeth (JP), Dr. Koong Hing Yeung Victor and Mr. Lee Kwok Tung Louis who are independent non-executive Directors.