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TITAN INVO
泰坦智华

TITAN INVO TECHNOLOGY LIMITED
泰坦智華科技有限公司

(formerly known as TUS International Limited 啟迪國際有限公司)
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 872)

UNAUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

HIGHLIGHTS

	2021	2020	Change
	HK$ million	*HK$ million*	*%*
	(Unaudited)	(Audited)	
		(Restated)	
Continuing operations			
Revenue	**273.1**	426.8	(36.0%)
Gross profit	**68.9**	64.3	7.1%
Research and development expenses	**53.2**	85.6	(37.9%)
Finance costs	**95.3**	89.8	6.2%
Loss before taxation	**(601.1)**	(289.1)	107.9%
Loss for the year from continuing operations	**(597.2)**	(270.5)	120.8%
Loss per share attributable to owners of the Company			
From continuing operations			
– Basic and diluted *(HK cents)*	**(28.9)**	(11.0)	162.7%
From continuing and discontinued operations			
– Basic and diluted *(HK cents)*	**(24.2)**	(11.9)	103.4%

ANNUAL RESULTS

Due to the reasons explained below under "Review of Unaudited Annual Results", the audit process for the annual results of Titan Invo Technology Limited (the "**Company**") and its subsidiaries (together the "**Group**") for the year ended 31 December 2021 ("**FY2021**") has not been completed as of the announcement date. In order to keep the shareholders of the Company (the "**Shareholders**") and potential investors informed of the business operation and financial position of the Group, the board (the "**Board**") of directors (the "**Directors**") of the Company decided to present the unaudited annual consolidated financial results of the Company and its subsidiaries (together the "**Group**") for the FY2021, together with the audited comparative figures for the corresponding period of 2020, as follows:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	**2021** ***HK$'000*** **(Unaudited)**	2020 *HK$'000* (Audited) (Restated)
Continuing operations:			
Revenue	*5*	**273,111**	426,830
Cost of sales		**(204,239)**	(362,516)
Gross profit		**68,872**	64,314
Other revenue		**9,895**	15,034
Other gains or losses	*6*	**32,081**	11,348
Research and development expenses		**(53,166)**	(85,569)
Selling and distribution expenses		**(5,441)**	(4,180)
Depreciation		**(14,052)**	(18,820)
Amortisation		**(54,080)**	(54,088)
Administrative expenses		**(93,126)**	(113,013)
Allowance under expected credit loss model, net of reversal		**(12,072)**	(14,402)
Impairment of goodwill		**(384,667)**	–
Finance costs	*7*	**(95,299)**	(89,771)
Loss before taxation		**(601,055)**	(289,147)
Taxation	*8*	**3,896**	18,651
Loss for the year from continuing operations		**(597,159)**	(270,496)
Discontinued operations:			
Profit for the year from discontinued operations	*13*	**98,116**	20,615
Loss for the year		**(499,043)**	(249,881)

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
		(Restated)
Other comprehensive income/(loss) 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	**11,153**	(2,793)
Item that was reclassified to profit or loss:		
– Reclassification adjustment of exchange differences upon disposal of subsidiaries	**20,112**	15,207
Items that will not be reclassified to profit or loss:		
Change in fair value of financial assets at fair value through other comprehensive income	**(21,849)**	(43,822)
Remeasurement of defined benefit plans	**738**	(1,249)
Other comprehensive income/(loss) for the year	**10,154**	(32,657)
Total comprehensive loss for the year	**(488,889)**	(282,538)
(Loss)/profit for the year attributable to:		
Owners of the Company		
– from continuing operations	**(597,159)**	(226,452)
– from discontinued operations	**98,200**	(19,625)
	(498,959)	(246,077)
Non-controlling interests		
– from continuing operations	**–**	(4,431)
– from discontinued operations	**(84)**	627
	(84)	(3,804)
	(499,043)	(249,881)

	Notes	**2021** **_HK$'000_** **(Unaudited)**	2020 *HK$'000* (Audited) (Restated)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(489,270)**	(280,686)
Non-controlling interests		**381**	(1,852)
		(488,889)	(282,538)
(Loss)/earnings per share attributable to owners of the Company	*9*		
From continuing and discontinued operations			
– Basic and diluted *(HK cents)*		**(24.2)**	(12.0)
From continuing operations			
– Basic and diluted *(HK cents)*	*9*	**(28.9)**	(11.0)
From discontinued operations			
– Basic and diluted *(HK cents)*	*9*	**4.8**	(1.0)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 *HK$'000* (Unaudited)	2020 *HK$'000* (Audited)
Non-current assets			
Fixed assets			
– Property, plant and equipment		**25,739**	80,982
Right-of-use assets		**4,013**	16,117
Construction in progress		**108**	5,554
Intangible assets		**233,196**	369,129
Goodwill		**101,888**	647,950
Financial assets at fair value through other comprehensive income		**251,142**	195,118
Deferred tax assets		**1,838**	2,747
		617,924	1,317,597
Current assets			
Inventories		**22,180**	140,596
Trade and bills receivables, prepayments and other receivables	*10*	**155,802**	184,878
Cash and cash equivalents		**24,114**	31,117
		202,096	356,591
Current liabilities			
Trade and bills payables and other payables	*11*	**195,270**	325,326
Contract liabilities		**7,350**	22,997
Lease liabilities		**501**	7,706
Current tax payable		**1,432**	2,268
Borrowings		**714,874**	881,039
		919,427	1,239,336

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Net current liabilities	**(717,331)**	(882,745)
Total assets less current liabilities	**(99,407)**	434,852
Non-current liabilities		
Net defined benefits liabilities	**7,886**	9,023
Lease liabilities	**4,379**	9,039
Deferred tax liabilities	**76,118**	92,650
Convertible bonds	**112,649**	102,263
	201,032	212,975
Net (liabilities)/assets	**(300,439)**	221,877
Capital and reserves		
Share capital	**20,636**	20,636
Reserves	**(321,075)**	167,600
(Deficit)/equity attributable to owners of the Company	**(300,439)**	188,236
Non-controlling interests	**–**	33,641
Total (deficit)/equity	**(300,439)**	221,877

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. GENERAL INFORMATION

Titan Invo Technology Limited (formerly known as 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**"). Its parent is Tuspark Venture Investment Limited ("**Tuspark Venture**") (incorporated in the British Virgin Islands (the "**BVI**")) and its ultimate parent is Tus-Holdings Co., Limited ("**TUS Holdings**") (incorporated in the People's Republic of China (the "**PRC**")). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

The Group is principally engaged in research and development, production and sales of automotive-grade wireless connectivity modules.

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

2. REVIEW OF UNAUDITED ANNUAL RESULTS

The unaudited 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 Conceptual Framework in HKFRS Standards and 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 2021 for the preparation of the unaudited consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group has early applied the Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021.

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these unaudited consolidated financial statements.

New and amendments to HKFRSs in 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[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to HKAS 8	Definition of Accounting Estimates[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
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 Improvements to HKFRSs 2018-2020[2]

[1] *Effective for annual periods beginning on or after 1 April 2021.*
[2] *Effective for annual periods beginning on or after 1 January 2022.*
[3] *Effective for annual periods beginning on or after 1 January 2023.*
[4] *Effective for annual periods beginning on or after a date to be determined.*

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

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The unaudited 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 HKICPA and accounting principles generally accepted in Hong Kong. For the purpose of preparation of the unaudited consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the unaudited consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

(b) Basis of preparation of the unaudited consolidated financial statements

The unaudited 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 unaudited 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 *Leases*, 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 2021, the Group incurred a loss from continuing operations of approximately HK$597,159,000, and as of that date, the Group had net current liabilities of approximately HK$717,331,000. In addition, the Group had outstanding borrowings of approximately HK$714,874,000 which were due for repayment or renewal in the next twelve months after 31 December 2021. As at 31 December 2021, the Group has failed to fulfil certain financial covenants, terms and conditions as stipulated in the relevant loan agreements in aggregate of approximately HK$362,752,000 for the year ended 31 December 2021. 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. The Company has actively negotiated with banks and financial institutions to secure the renewals of the Group's bank and other borrowings;

2. The Group has received a written confirmation dated 21 March 2022 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 unaudited consolidated financial statements for the year ended 31 December 2021. 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 21 March 2022 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;

3. As at the date of approval of these unaudited 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$230.0 million;

4. 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;

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

6. 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 unaudited 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 unaudited consolidated financial statements.

5. 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 research and development, production and sale of advanced driving assistance system ("**ADAS**") products and software algorithm products business segment. Upon such disposals, the Group reorganised 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 one reportable segment which principally engaged in research and development, production and sale of automotive-grade wireless connectivity modules ("**Automotive-grade wireless connectivity business**"). No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographic information are presented. Comparative information has been restated to conform with the current period's presentation.

Information about geographical areas

During the years ended 31 December 2021 and 2020, the Group was mainly operating in the PRC, Europe, the US and Asia Pacific. The Group's revenue from external customers and information about its non-current assets based on the location of the operation by geographical location are presented below:

	Revenue from external customers		**Non-current assets**	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited) (Restated)	**(Unaudited)**	(Audited) (Restated)
The PRC	**10,500**	37,499	**368**	120,078
Europe, the US and Asia Pacific	**262,611**	389,331	**264,526**	354,451
	273,111	426,830	**264,894**	474,529

Note: Non-current assets excluded those relating to discontinued operations and financial assets at fair value through other comprehensive income and goodwill.

Information about major customers

Revenue from major customers who contributed 10% or more of the Group's revenue, is set out below:

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Customer A	**181,106**	198,572

Save as disclosed, no other single customers contributed 10% or more to the Group's revenue for both years.

6. OTHER GAINS OR LOSSES

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
		(Restated)
Continuing operations:		
Net foreign exchange (loss)/gain	**(1,068)**	14,118
Loss on disposal of property, plant and equipment	**(34)**	(11)
Gain on disposal of subsidiaries, net	**35,080**	–
Others	**(1,897)**	(2,759)
	32,081	11,348

7. FINANCE COSTS

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
		(Restated)
Continuing operations:		
Interest expenses on bank loans	**5,352**	16,600
Interest expenses on other loans	**79,173**	34,799
Imputed interest expenses on lease liabilities	**388**	112
Imputed interest expenses on convertible bonds	**10,386**	17,409
Finance cost on redemption of convertible bonds	**–**	20,851
	95,299	89,771

8. TAXATION

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
		(Restated)
Continuing operations:		
Current tax:		
PRC Enterprise Income Tax	**10,870**	–
Other than the PRC	**1,408**	696
Over-provision in prior year (other than PRC)	**(430)**	–
Deferred tax:		
Current year	**(15,744)**	(19,347)
Taxation	**(3,896)**	(18,651)

9. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

Continuing and discontinued operations

The calculation of basic loss per share from continuing and discontinued operations for the year ended 31 December 2021 is based on the loss for the year attributable to owners of the Company from continuing and discontinued operations of approximately HK$498,959,000 (2020: approximately HK$246,077,000) and the weighted average of number of approximately ordinary share 2,063,615,000 (2020: approximately 2,063,615,000) ordinary shares in issue during the year.

Continuing operations

The calculation of the basic loss per share for the year ended 31 December 2021 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$597,159,000 (2020: approximately HK$226,452,000) and the weighted average number of ordinary shares of approximately 2,063,615,000 (2020: approximately 2,063,615,000) during the year.

Discontinued operation

The calculation of the basic (loss)/earnings per share for the year ended 31 December 2021 from discontinued operation are based on profit for the year attributable to ordinary equity holders of the Company from discontinued operations of approximately HK$98,200,000 (2020: loss of approximately: HK$19,625,000) and the weighted average number of ordinary shares of approximately 2,063,615,000 (2020: approximately 2,063,615,000) during the year.

(b) Diluted (loss)/earnings per share

Continuing and discontinued operations

During the years ended 31 December 2021 and 2020, the computation of diluted (loss)/earnings 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.

10. TRADE AND BILLS RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

Included in trade and bills receivable, prepayments and other receivable are trade receivables of approximately HK$17,434,000 (2020: HK$80,264,000) which are analysed by invoice date as follows:

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 3 months	**7,842**	64,426
Over 3 months but less than 6 months	**4,977**	9,690
Over 6 months but less than 12 months	**3,999**	1,692
Over 12 months	**616**	4,456
	17,434	80,264

11. TRADE AND BILLS PAYABLES AND OTHER PAYABLES

Included in trade and bills payables and other payables are trade payables of approximately HK$65,652,000 (2020: HK$190,630,000) which are analysed by invoice date as follows:

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 3 months	**9,256**	70,327
Over 3 months but less than 6 months	**30,524**	109,552
Over 6 months but less than 12 months	**24,735**	4,478
Over 12 months	**1,137**	6,273
	65,652	190,630

12. DIVIDENDS

The directors of the Company do not recommend the payment of any dividends in respect of the year ended 31 December 2021 (2020: Nil).

13. DISCONTINUED OPERATIONS

(a) Car-carried purifiers business

On 12 April 2019, an indirect wholly owned subsidiary of the Company, Suzhou Qiyixin Enterprise 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. Details of which were set out in the announcements of the Company dated 12 April 2019, 31 May 2019 and the circular of the Company dated 10 June 2019.

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

On 26 June 2020, a direct 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 Holdings Limited. (金榜集團) 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. Details of which were set out in the announcements of the Company dated 26 June 2020.

(c) Research and development, production and sales of ADAS products and software algorithm products businesses

(i) 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 and its subsidiary ("**Cloud Control business**") to Qingdao YHU Jing Pan Equity Investment Partnership (Limited Partnership)* (青島頤和晶盤股權投資合夥企業(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 (黃冰倩) at a consideration of RMB105.0 million (equivalent to approximately HK$123.9 million). The disposal was completed on 16 November 2020. 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 date 25 September 2020.

* *For identification purpose only.*

(ii) On 23 April 2021, an indirect wholly-owned subsidiary of the Company, Suzhou Qiyizhi Management Enterprise Limited (蘇州企億智企業管理有限公司) entered into an equity transfer agreement and agreed to sell 24.7538% of the equity interest in Suzhou Zhihua Automobile Electronics Co., Ltd.* (蘇州智華汽車電子有限公司) to Tibet Tengyun New Power Technology Co., Ltd. (西藏騰雲新動力科技有限公司) (previously known as Tibet Huize Hongtu Trading Co., Ltd.* (西藏惠澤宏圖商貿有限公司)) and Ningbo Tengyue Qizhi Technology Partnership (Limited Partnership)* (寧波騰越啟智科技合夥企業(有限合夥)) at a consideration of RMB136.1 million (equivalent to approximately HK$163.3 million). The disposal was completed on 10 June 2021. Details of which were set out in the announcements of the Company dated 23 April 2021 and 1 June 2021 and the circular of the Company date 15 May 2021.

* *For identification purpose only.*

The comparative figures in the unaudited consolidated statement of profit or loss and other comprehensive income have been restated to present the research and development, production and sales of ADAS products and software algorithm products business as a discontinued operation.

14. DISPOSAL OF SUBSIDIARIES

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 an equity transfer agreement and agreed to sell 100% of the equity interests in TUS Yunzhi Technology (Beijing) Limited* (啟迪雲智科技(北京)有限公司) to TUS-Financial Group Limited* (啟迪金控投資有限公司), at a consideration of RMB1 (equivalent to approximately HK$1.2). The disposal was completed on 10 February 2021.

* *For identification purpose only.*

Details of which were set out in the announcements of the Company dated 1 February 2021 and 4 February 2021.

15. 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.

16. EVENTS AFTER THE REPORTING PERIOD

On 30 November 2021, the Company and Mr. Ma Chi Kong Karl, the Chairman and a non-executive Director of the Company, entered into a deed of variation and undertakings (the "**Deed of Variation and Undertakings**") whereby the Company and Mr. Ma has conditionally agreed to revise the existing conversion price from HK$0.537 to the revised conversion price of HK$0.100 per new Share of the company which may be allotted and issued upon exercise of the conversion rights attached to the 0% coupon convertible bond due 2023 issued by the Company to Mr. Ma on 21 June 2018.

On 30 November 2021, the Company announced that it proposed to raise gross proceeds of not more than (i) approximately HK$91.0 million by way of a rights issue of up to 1,300,307,641 rights shares, or (ii) approximately HK$91.8 million by way of a rights issue of up to 1,311,267,641 rights shares at a price of HK$0.07 per rights share on the basis of one (1) rights share for every two (2) existing Shares held by the qualifying shareholders (the "**Rights Issue**").

On 8 February 2022, the Company announced that, despite continuous effort made by the Board, the Company has been unable to obtain all the necessary consents or waivers, or indication to grant the consents or waivers which are required under variation conditions, the Deed of Variation and Undertakings lapsed accordingly. Since the proposed variation having come into effect is one of the conditions of the Rights Issue, the Rights Issue would not become unconditional as a result of the lapse of the Deed of Variation and Undertakings and, consequentially, also lapsed.

For details, please refer to (i) the announcements of the Company dated 30 November 2021, 17 January 2022, 26 January 2022, 28 January 2022 and 8 February 2022; and (ii) the circular of the Company dated 5 January 2022.

Save as disclosed herein, no subsequent events occurred after 31 December 2021 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.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31 December 2021 ("**Year under review**"), the Group was principally engaged in research and development, production and sale of automotive-grade wireless connectivity modules. 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 and vehicle to everything (V2X) communication.

IMPACT OF THE PANDEMIC

The further outbreak and spread of mutant strain of the COVID-19 (the "**Pandemic**") around the globe in 2021 created continuous instability over the global economy. The global automotive industry was still suffered from a weak demand momentum as well as the interruption in the supply chains under frequent lockdown measures imposed by governments or production suspension in various countries from time to time during the Pandemic. In view of such uncertainty, business sentiments in the Group's major markets have been subdued during the Year under review. 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.

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 ("**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

During the Year under review, the Group changed the company name to Titan Invo Technology Limited. The Directors considers that the change of company name will better reflect the Company's current corporate structure, strategic business plan and direction of future development. The Directors is of the opinion that the change of company name can provide the Company with a more appropriate corporate image and identity, which will capture potential business opportunities and benefit the Company's future business development, especially penetration into the China market.

Following the disposal of the advanced driving assistance system ("**ADAS**") business segment and certain financial assets during the Year under review, the Group devoted its resources in the development of its remaining core business which principally engaged in the research and development and sale of tailor-made automotive-grade wireless connectivity modules to catch up on the estimated market development and growth, especially in the China market. 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 vehicle to vehicle and vehicle to everything (V2X) communication.

As described in the section "Impact of the Pandemic", the global automotive industry faced difficult, challenging and volatile business environment during the Year under review. Also, the auto market, including the Group, faced numerous difficulties in supply-chain management during the Year under review. In particular, the Group had been experiencing temporary shortage of several semiconductors and electronic components used in the production of our automotive-grade wireless connectivity modules during the Year under review and hence delay in fulfilment of certain sales orders were resulted although continuous negotiation among suppliers and customers were conducted by the management team to improve overall supply chain management in the short-run. At the same time, the Directors implemented several short-term strategies including tightened cost controls, continuous dialogue with stakeholders and active participation in debt and equity financing activities, with an aim to improve the financial positions and liquidity while balancing the business operation, product development and market expansion.

The Group recorded a loss attributable to the shareholders of the Company of approximately HK$499.0 million (2020: loss of approximately HK$246.1 million) for the Year under review. The increase in loss was mainly attributable to the impairment of goodwill in relation to the automotive-grade wireless connectively cash-generating unit of approximately HK$384.7 million recognized during the Year under review, partially offset by the gain of approximately HK$133.2 million recognised by the Group in respect of the disposals of the ADAS business and other subsidiaries during the Year under Review. Given limited available financial resources held by the Group and by considering the liabilities fall due, the Directors will continue to implement tightened costs controls to enhance the overall operating effectiveness and efficiency.

According to the statistical research conducted by the China Association of Automobile Manufacturers ("**CAAM**"), the volume of production and sale of automobiles in China increased by approximately 3.4% to approximately 26.1 million units and approximately 3.8% to approximately 26.3 million units in 2021, respectively, as compared to that of 2020. Penetration rate of new energy vehicle in terms of sales volume in China reached 13.4% for 2021. The Group considers China will be the growth-leading market for new energy vehicle and thus, though facing difficulties, will prioritise its resources on immediate penetration into China market.

FUTURE PLANS AND PROSPECTS

The global economy and the auto market are expected to have a moderate recovery in 2022. The temporary shortage of several types of semiconductors and electronic components used in the production of the Group's automotive-grade wireless connectivity modules during 2021 led to delays in fulfilment of certain sales orders. In addition to temporary shortage of raw materials and supply chain management, the further outbreak and spread of mutant strain of Pandemic around the globe created continuous instability over the global economy. In view of such uncertainty, business sentiments in the Group's major markets have been subdued.

According to the "Automotive in 2022" report (the "**Automotive Report**") issued by The Economist Intelligence Unit Limited, a global research and analysis division ("**EIU**") the global sales volume of new vehicles is expected to rise by 7.5% in 2022 year-on-year and this will bring total sales back to the level at 2019, reversing the pandemic-induced slump in 2020. Pursuant to the Automotive Report, EIU forecasted that, among other things, (i) Asia and North America will lead the recovery; (ii) the global sales of new electric vehicles would continue to soar, rising by 51% in 2022 year-on-year; and (iii) the governments across the world would set more stringent regulations to reduce transport emissions, which might force carmakers to make far-reaching decisions about their fossil-fuel models, for example, as regulations are likely to be more stringent in developed countries, carmakers may have to consider whether to retire their fossil-fuel models entirely, or to shift these production and sales operations to developing countries.

The Group is of the view that prioritising resources on balancing financial liquidity and business continuity of the Group 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 fulfil its working capital requirement while maintaining products development and market expansion. Short-term strategies implemented by the Group include continuous tightened cost controls, streamline of the corporate and organisational structure as well as product and market re-positioning which aim to enhance operating efficiency and effectiveness without sacrificing valuable business opportunities.

The Group will continue to deploy resources on immediate penetration into China market through various channels such as business cooperation with and investments in Chinese distributors, auto manufacturers and research and development experts in the industry, restructuring of business and operation management team with experienced Chinese sector experts in various disciplines. With successful implementation of the above strategies, the Directors expect the Group can capture a valuable market share in China in the long run and ultimately create significant values to the Shareholders. Nevertheless, the Group will explore other suitable investment and business development opportunities which are able to broaden the income stream of the Group, as well as to bring satisfactory and sustainable returns to the Group and maximize the Shareholders' value.

FINANCIAL REVIEW

Revenue and business segments from continuing operations

Revenue of the Group for the Year under review decreased by approximately 36.0% to approximately HK$273.1 million and gross profit increased by approximately 7.1% to approximately HK$68.9 million (2020: HK$426.8 million and HK$64.3 million respectively). Such decrease in revenue was mainly due to the loss of sales resulting from the shortage of raw materials and difficulties in the supply-chain management faced by the Group. Gross profit margin was approximately 25.2% for the Year under review (2020: 15.1%). The increase in gross profit margin was mainly due to the implementation of tighten cost controls, as well as the higher proportion of revenue recognised from products with higher gross profit margin during the Year under review.

During the Year under review, the Group disposed the ADAS business and as a result, the automotive-grade wireless connectivity business remained the only core business of the Group. The comparative figures for the year ended 31 December 2020 were restated accordingly.

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.

Other Revenue

During the Year under review, other revenue decreased by approximately 34.2% to approximately HK$9.9 million (2020: HK$15.0 million) which mainly included bank interest income, recharge income from customers and sundry income.

Other Gains and Losses

During the Year under review, other gains of approximately HK$32.1 million (2020: HK$11.3 million) was recognised. The gains for the Year under review were mainly attributable to gain on disposal of subsidiaries.

Research and Development Expenses

During the Year under review, research and development expenses amounted to approximately HK$53.2 million (2020: HK$85.6 million) was recognised. Research and development expenses for the Year under review decreased by approximately 37.9%. Such decrease was primarily due to continuous tightening of cost controls implemented by the Group to reorganize the research and development structure of the Group's business during the Year under review.

As of 31 December 2021, the Group has 33 research and development personnel and engineers (31 December 2020: 49 employees) involved in research and development for the automotive-grade wireless connectivity business.

Depreciation and Amortisation

During the Year under review, depreciation and amortisation recognised as expenses decreased by approximately 6.6% to approximately HK$68.1 million (2020: HK$72.9 million).

Administrative Expenses

During the Year under review, administrative expenses decreased by 17.6% to approximately HK$93.1 million (2020: HK$113.0 million) which were mainly due to continuous tightened cost controls and streamline of the corporate and organisational structure during the Year under review. Administrative expenses mainly included salaries, legal and professional fees and other operating expenses.

Impairment of Goodwill

During the Year under review, impairment of goodwill in relation to the automotive-grade wireless connectively cash-generating unit of approximately HK$384.7 million was recognized. For details of discussion on key assumptions of goodwill, please refer to the section "Goodwill" below.

Finance Costs

During the Year under review, finance costs increased by 6.2% to approximately HK$95.3 million (2020: HK$89.8 million) which were attributable to the increase in interest expenses incurred for other loans.

Taxation

The Group recorded a deferred tax credit of approximately HK$15.7 million (2020: HK$19.4 million) and current tax expenses, net of over-provision in prior year of approximately HK$11.8 million (2020: HK$0.7 million). As a result, the Group recorded net income tax credit of approximately HK$3.9 million during the Year under review (2020: HK$18.7 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 increased by approximately 102.8% to approximately HK$499.0 million (2020: HK$246.1 million).

Financial assets at fair value through other comprehensive income/Significant investments

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.

During the Year under review, the Group derecognised the financial asset of investments in National Innovation Center of intelligent Connected Vehicles ("**National Innovation Center**") through disposal of a subsidiary in February 2021. Following the completion of the disposal of ADAS business in June 2021, the Group recognised the residual equity interest in Suzhou Zhihua Automobile Electronics Co., Ltd.* (蘇州智華汽車電子有限公司) ("**Suzhou Invo**") at financial assets at FVTOCI at fair value on initial recognition.

As at 31 December 2021, investments of approximately HK$251.1 million were classified under FVTOCI (31 December 2020: HK$195.1 million) and changes in fair value through OCI (net of exchange realignment) of approximately HK$21.8 million (2020: HK$43.8 million) was recognised during the Year under review.

Details of the significant investments are as follows:

	As at 31 December 2021						
	Percentage of equity interests held in the investee	**Percentage to the Group's total assets**	**Fair value at 31 December 2021**	**Fair value gain/(loss) (net of exchange realignment) during the Year under review**	**Addition during the Year under review**	**Disposal/ derecognition during the Year under review**	**Fair value at 31 December 2020**
	%	*%*	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*
Sino Partner Global Limited	**2.46**	**2.6**	21.3	(1.0)	–	–	22.3
Tus Suzhou Modern Education Development Company Limited	**14.00**	**12.8**	104.9	(4.0)	–	–	108.9
National Innovation Center	**–**	**–**	–	–	–	(61.7)	61.7
Suzhou Invo	**15.493**	**14.1**	115.7	(17.1)	132.8	–	–
Gaia (Guangzhou) Venture Capital Fund Partnership	**33.03**	**1.0**	8.7	0.1	8.6	–	–
Others	**N/A**	**0.1**	0.5	–	–	(1.7)	2.2
Total		**30.6**	251.1	(22.0)	141.4	(63.4)	195.1

GOODWILL

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

	31 December 2021 *HK$ million*	**Impairment during the Year under review** *HK$ million*	**Disposal during the Year under review** *HK$ million*	**31 December 2020** *HK$ million*
Camera-based ADAS CGU	–	–	(161.4)	161.4
Wireless Business Group CGU	101.8	(384.7)	–	486.5
Total	101.8	(384.7)	(161.4)	647.9

For the purpose of the annual impairment test as at 31 December 2021, the recoverable amounts of the Automotive-grade wireless connectivity CGU has 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 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 the 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

As mentioned in the section headed "Material Disposals" below, the Group's ADAS business was disposed through disposal of 24.7538% equity interest in Suzhou Invo during the Year under review. As a result, the goodwill related to the camera-based ADAS CGU of approximately HK$161.4 million was derecognised upon such disposal.

(ii) Automotive-grade wireless connectivity CGU

As mentioned above in the sections headed "Business Review" and "Impact of the Pandemic", the temporary shortage of raw materials and supply chain management experienced by the Group and the industry during 2021 and the further outbreak and spread of mutant strain of the Pandemic around the globe in 2021 created continuous instability over the global economy. Business sentiments in the Group's major markets have been subdued during the Year under review. As a result, the Group experienced delay in fulfilment of certain sales orders during the Year under Review as compared to 2021 annual financial budgets approved by the Directors as at 31 December 2020 ("**Original Financial Budget**").

The Directors determined that such non-controllable impact by the Pandemic and geopolitical factors may further adversely affect the business performance of the automotive-grade wireless connectivity CGU in the short and long run.

The revenue and financial performance of this CGU for the Year under review is less than the Original Financial Budget due to the delay in fulfilment of certain sales orders and the continuous negative impact of the Pandemic on global supply-chain management. Nevertheless, given the continuous costs control measures and corporate restructuring strategy implemented by the Directors which resulted in cost reduction, the EBITDA of this CGU for the Year under review had been improved as compared with year 2020.

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 tightened cost control measures up to the date of this announcement), the Group revisited the financial budget of this CGU for the years ending 31 December 2022 to 2026.

As of 31 December 2021, the carrying amount and the recoverable amount of this CGU amounted to approximately HK$112.6 million and negative HK$272.1 million, respectively (2020: HK$213.2 million and HK$223.9 million). Accordingly, impairment loss of approximately HK$384.7 million was recognised during the Year under review (2020: Nil).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Going Concern

For the year ended 31 December 2021, the Group incurred a loss of approximately HK$499.0 million (2020: HK$249.9 million), and as of that date, the Group had net current liabilities of approximately HK$717.3 million (31 December 2020: HK$882.7 million). In addition, the Group had outstanding borrowings of approximately HK$714.9 which were due for repayment or renewal in the next twelve months after 31 December 2021. As at 31 December 2021, the Group has failed to fulfil certain financial covenants, terms and conditions as stipulated in the relevant loan agreements in aggregate of approximately HK$362.8 million for the year ended 31 December 2021. 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 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) Continuous financial support from Shareholders

The Group has received a written confirmation dated 21 March 2022 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 unaudited consolidated financial statements for the year ended 31 December 2021. Such assistance to be received by the Group will not be secured by any assets of the Group. In addition, Tuspark Venture received a written confirmation dated 21 March 2022 from Tus-Holdings Co., Ltd. ("**TUS Holdings**"), its holding company, that it has committed to provide continuous financial support to Tuspark Venture in the following twenty-four months.

(2) Debt restructuring and active sourcing of financial resources

The Group has failed to fulfil certain financial covenants, terms and conditions as stipulated in the relevant loan agreements of bank and other borrowings in aggregate of approximately HK$362.8 million for the year ended 31 December 2021. The Group is under advanced discussion with a bank for a proposed revised loan repayment arrangement which may provide additional flexibilities to the Group to obtain further financial resources for repayment of the banking facilities.

As at the date of approval of these unaudited 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$230 million.

The Company has actively negotiated with existing and potential lenders to secure the renewals and replacement of the Group's borrowings to meet its liabilities when fall due. In addition, 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. To improve the overall financial position and liquidity of the Group, the Directors is actively considering to raise new capital by carrying out equity fund raising activities including but not limited to right issue, open offer and placing of new shares.

(3) Restructuring of business, corporate and organisational strategy

As disclosed in the 2020 Annual Report, the Directors 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.

Considering the potential growth of the business operations while balancing the financial resources among debt repayment and working capital requirement, the Directors resolved to dispose the ADAS business to enhance the financial position of the Group during the Year under review.

The Group completed the disposal of the ADAS business 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$151.2 million were received during the Year under review. The net proceeds were intended to be applied for repayments of borrowings.

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

(4) Cost control measurements

The Group commenced corporate and operational structuring in the second half of 2020 and significant results were achieved to reduce operating costs of the automotive-grade wireless business segment. During the Year under review, the Directors re-positioned the business strategy and continued to implement tightening cost controls over the daily administration and other operating expenses, 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 unaudited 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 2021 decreased by approximately 15.8% to approximately HK$827.5 million (31 December 2020: HK$983.3 million). The decrease in total borrowings was mainly attributable to derecognition of other borrowings of approximately HK$75.9 million upon disposals of certain subsidiaries and partial repayment of bank borrowings during the Year under review (for details of disposal of subsidiaries, please refer to the section headed "Material Disposals"). The cash and bank balances as at 31 December 2021 decreased by approximately 22.5% to approximately HK$24.1 million (31 December 2020: HK$31.1 million). As such, the net borrowings decreased by 15.6% to approximately HK$803.4 million (31 December 2020: HK$952.2 million).

Structure of Interest-Bearing Borrowings

The Group's short-term borrowings decreased to approximately HK$714.9 million as at 31 December 2021 (31 December 2020: HK$881.0 million).

Short-term borrowings include bank loans in an aggregate principal amount of approximately HK$160.6 million (31 December 2020: HK$329.2 million) with floating interest rate of LIBOR plus 2.45% (31 December 2020: floating interest rate of LIBOR plus 2.45% and fixed interest rates of 4.4% – 5.4%), and other loans of approximately HK$554.2 million (31 December 2020: HK$551.8 million) with fixed interest rates of 8.5% – 21.0% (31 December 2020: 4.4% – 21.0%) of which approximately HK$233.3 million were overdue and repayable on demand as of 31 December 2021 (31 December 2020: HK$232.1 million). As at the date of this announcement, demand for immediate repayment of bank loans in an aggregate principal amount of approximately HK$160.6 million was received and no other demand for immediate repayment was requested by other lenders. The short-term borrowings were primarily used to finance short-term cash flows for the operations of the Group.

All bank loans were denominated in US Dollar as of 31 December 2021 (31 December 2020: approximately HK$72.3 million and HK$256.9 million were denominated in Renminbi and US Dollar, respectively). As for the other loans, approximately nil, HK$435.5 million and HK$118.8 million were denominated in US Dollar, Hong Kong Dollar and Renminbi, respectively, as of 31 December 2021 (31 December 2020: approximately HK$8.7 million, HK$486.5 million and HK$56.6 million, respectively).

As of 31 December 2021, the Group had convertible bonds with carrying amount of approximately HK$112.6 million (31 December 2020: HK$102.3 million) classified under non-current liabilities.

Turnover Days, Liquidity Ratios and Gearing Ratios

Trade receivable turnover days for the Year under review was approximately 23 days (31 December 2020: 48 days). Trade payable turnover days and inventory turnover days for the Year under review were approximately 117 days and 40 days respectively (31 December 2020: 116 days and 84 days respectively). The Pandemic had disrupted the liquidity of certain major suppliers of the Group and credit limit granted to the Group were reduced. Further, due to temporary shortage of certain semiconductors and electronic components during the Year under Review, our major supplier (the EMS provider), requested for prepayment for purchase of materials prior to production. As a result, this significantly disrupted the supply-chain management of the business operation of the Group for the Year under Review. The Directors are under negotiation with the supplier to review on the credit period. In addition, the Directors are in active dialogue with other potential EMS providers as alternative solution in the long-run.

Credit terms, normally not more than 60 days from the date of billing, are granted to customers, depending on their credit worthiness and business relationships with the Group. Given the above changes in supply-chain cycle for the Period, certain customers were agreed to reduce credit period or make prepayments prior to delivery of the products to enhance the timeliness of fulfilment of sales orders.

The current ratio and quick ratio as at 31 December 2021 decreased to approximately 0.22 (31 December 2020: 0.29) and increased to approximately 0.20 (31 December 2020: 0.17) respectively. The decrease in current ratio was primarily due to net operating cash outflow for the Year under review. Gearing ratio was calculated by deriving total debts (i.e. total of borrowings and convertible bonds) by total deficit/equity and total debts was approximately 1.57 (31 December 2020: 0.79).

CHARGE OF ASSETS

All shares of the subsidiaries in the automotive-grade wireless connectivity business were pledged for aggregate banking facilities of approximately HK$160.6 million (31 December 2020: approximately HK$256.9 million).

Certain financial assets at FVTOCI were pledged for aggregated banking facilities of approximately RMB40.0 million (31 December 2020: approximately RMB40.0 million) for Suzhou Invo for working capital.

As at 31 December 2020, bills payable were pledged with bills receivable amounting to approximately HK$4.0 million.

Save as disclosed above, the Group had no other significant pledge of assets as at 31 December 2021.

CONTINGENT LIABILITIES

As at 31 December 2021, the Group did not have any material contingent liabilities (31 December 2020: nil).

IMPORTANT TRANSACTIONS DURING THE YEAR UNDER REVIEW

Material Disposals

During the Year under review, the Group completed several disposals of the ADAS business and certain financial assets for cash realisation to improve working capital liquidity and debt repayment:

(a) 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, to TUS-Financial Group Limited* (啟迪金控投資有限公司). This disposal was completed in February 2021. For details, please refer to the announcements of the Company dated 1 February 2021 and 4 February 2021.

(b) On 23 April 2021, the Group entered into an equity transfer agreement to dispose approximately 24.7538% of the equity interest of Suzhou Invo to two independent third parties at a consideration of approximately RMB136.1 million. Suzhou Invo and its subsidiaries operated in the Group's ADAS business segment specializing in the research and development, production and sale of ADAS products in China. This disposal was completed in June 2021. Upon completion of this disposal, the Group retained 20.0% of equity interests in Suzhou Invo and therefore Suzhou Invo ceased to be a non-wholly owned subsidiary of the Company. As a result, the Group ceased operation of the ADAS business.

    The Group accounted for the investment in 20.0% equity interests in Suzhou Invo as financial asset at FVTOCI.

    Please refer to the announcements of the Company dated 23 April 2021 and 1 June 2021 and the circular of the Company dated 15 May 2021 for further details of this disposal.

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

* *For identification purpose only*

CONNECTED TRANSACTIONS

(i) 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 meet its financial obligations when they fall due. Such advancements from connected parties were unsecured and were conducted on normal commercial terms or better. During the Year under review, a subsidiary of TUS Holdings provided certain assets as pledged securities to a lender for arrangement of a short-term credit facility granted to the Group. Such pledge of security provided by the subsidiary of TUS Holdings was unsecured and were conducted on normal commercial terms or better. These connected transactions of the Company were fully exempt from the reporting, announcement, circular, and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(ii) On 23 April 2021, the Group entered into an equity transfer agreement to dispose approximately 24.7538% of the equity interest of Suzhou Invo to two independent third parties at a consideration of approximately RMB136.1 million. Suzhou Yinwo Investment Management Enterprise (Limited Partnership)*（蘇州茵沃投資管理企業（有限合夥））("**Suzhou Yinwo**"), which holds 12.7003% equity interest in Suzhou Invo, was also a party to the equity transfer agreement and provided undertakings thereunder. As Suzhou Yinwo is a connected person of the Company at the subsidiary level, the disposal constituted a connected transaction of the Company but was exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

* *For identification purpose only*

EVENTS AFTER THE REPORTING PERIOD

On 30 November 2021, the Company and Mr. Ma Chi Kong Karl, the Chairman and a non-executive Director of the Company, entered into a deed of variation and undertakings (the "**Deed of Variation and Undertakings**") whereby the Company and Mr. Ma has conditionally agreed to revise the existing conversion price from HK$0.537 to the revised conversion price of HK$0.100 per new Share of the company which may be allotted and issued upon exercise of the conversion rights attached to the 0% coupon convertible bond due 2023 issued by the Company to Mr. Ma on 21 June 2018.

On 30 November 2021, the Company announced that it proposed to raise gross proceeds of not more than (i) approximately HK$91.0 million by way of a rights issue of up to 1,300,307,641 rights shares, or (ii) approximately HK$91.8 million by way of a rights issue of up to 1,311,267,641 rights shares at a price of HK$0.07 per rights share on the basis of one (1) rights share for every two (2) existing Shares held by the qualifying shareholders (the "**Rights Issue**").

On 8 February 2022, the Company announced that, despite continuous effort made by the Board, the Company has been unable to obtain all the necessary consents or waivers, or indication to grant the consents or waivers which are required under variation conditions, the Deed of Variation and Undertakings lapsed accordingly. Since the proposed variation having come into effect is one of the conditions of the Rights Issue, the Rights Issue would not become unconditional as a result of the lapse of the Deed of Variation and Undertakings and, consequentially, also lapsed.

For details, please refer to (i) the announcements of the Company dated 30 November 2021, 17 January 2022, 26 January 2022, 28 January 2022 and 8 February 2022; and (ii) the circular of the Company dated 5 January 2022.

Save as disclosed herein, no subsequent events occurred after 31 December 2021 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 2021, the Group employed 78 staff in the PRC, the US, Europe, Asia Pacific and Hong Kong (31 December 2020: 368). Remuneration of employees including Directors' emoluments was approximately HK$110.5 million for the Year under review (2020: HK$163.6 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 2021 (2020: 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 2021.

AUDIT COMMITTEE

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.

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the annual results for the year ended 31 December 2021 has not been completed due the implementation of the tightened COVID-19 prevention and control quarantine measures in Hong Kong and Mainland China and temporary reduction in manpower resulting from the surge COVID-19 cases in Hong Kong, Mainland China and Europe. The unaudited annual results contained herein have not been agreed with the auditors of the Company (the "**Auditors**"). An announcement relating to the audited results will be made and expected to be published on or before 13 May 2022 when the auditing process has been completed in accordance with the Hong Kong Standards on Auditing issued by the HKICPA. Pursuant to Rule 13.49(3)(ii)(b) of the Listing Rules, if the audited final results differ materially from the unaudited consolidated results above, full particulars of and reasons for the difference, will be set out in the preliminary announcement of the audited final results.

The unaudited consolidated financial statements of the Group for the year ended 31 December 2021 have been reviewed by the Audit Committee in accordance with Rule 13.49(3)(i)(c) of the Listing Rules.

PUBLICATION OF THE UNAUDITED ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This unaudited annual results announcement is published on the website of the Stock Exchange at www.hkex.com.hk and on the website of the Company at www.titaninvo-global.com. The 2021 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
Titan Invo Technology Limited
Ma Chi Kong Karl
Chairman

Hong Kong, 31 March 2022

As at the date of this announcement, the Board comprises Mr. Hu Bo who is 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.