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## APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

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### UNAUDITED FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below are the unaudited consolidated statements of financial position of Suzhou Zhihua Automobile Electronics Co., Ltd.\* (蘇州智華汽車電子有限公司) (the “**Target Company**”) and its subsidiaries (collectively, the “**Target Group**”) as at 31 December 2019, 2020 and 2021, and the unaudited consolidated statements of profit or loss and other comprehensive income, the unaudited consolidated statements of changes in equity and the unaudited consolidated statements of cash flows of the Target Group for the years ended 31 December 2019, 2020 and 2021 (the “**Relevant Periods**”), and explanatory notes (collectively referred to as the “**Unaudited Financial Information**”).

The Unaudited Financial Information has been prepared in accordance with paragraph 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and prepared on the basis set out in note 2 to the Unaudited Financial Information. The Unaudited Financial Information is prepared by the Directors solely for the purposes of inclusion in this circular in connection with the disposal of a 15.5% equity interest in the Target Company.

HLB Hodgson Impey Cheng Limited, Certified Public Accountants, the auditor of the Company, was engaged to review the Unaudited Financial Information of the Target Group set out on pages II-2 to II-8 of this circular in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the auditor to obtain assurance that the auditor would become aware of all significant matters that might be identified in an audit. Accordingly, the auditor does not express an audit opinion.

Based on the review on the Unaudited Financial Information of the Target Group, nothing has come to the auditor’s attention that causes them to believe that the Unaudited Financial Information is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information.

\* for identification purpose only

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**APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP**

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**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

	<b>Year ended 31 December</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)
<b>Revenue</b>	276,438	290,741	587,652
Cost of sales	<u>(225,980)</u>	<u>(248,228)</u>	<u>(532,471)</u>
Gross profit	50,458	42,513	55,181
Other revenue	891	4,125	2,532
Other losses, net	(914)	(421)	(925)
Selling and distribution expenses	(7,159)	(5,927)	(13,216)
Depreciation	(3,049)	(4,353)	(1,458)
Amortisation	(1,543)	(4,076)	(132)
Administrative expenses	(28,614)	(20,788)	(73,951)
Finance costs	<u>(6,689)</u>	<u>(8,691)</u>	<u>(8,433)</u>
<b>Profit/(loss) before taxation</b>	3,381	2,382	(40,402)
Taxation	<u>(1,253)</u>	<u>–</u>	<u>3,925</u>
<b>Profit/(loss) for the year</b>	<u>2,128</u>	<u>2,382</u>	<u>(36,477)</u>
<b>Other comprehensive (expense)/income, net of tax</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	(1,030)	2,669	3,661
Change in fair value of financial assets at fair value through other comprehensive income	<u>67</u>	<u>(51)</u>	<u>(335)</u>
<b>Other comprehensive (expenses)/income for the year</b>	<u>(963)</u>	<u>2,618</u>	<u>3,326</u>
<b>Total comprehensive income/(expense) for the year attributable to owners of the Company</b>	<u><u>1,165</u></u>	<u><u>5,000</u></u>	<u><u>(33,151)</u></u>

## APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 December		
	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14,490	34,111	79,590
Construction in progress	12,425	5,981	8,089
Intangible assets	53,409	84,080	88,518
Financial assets at fair value through other comprehensive income	1,640	1,686	1,458
Deposits	–	–	1,225
Deferred tax assets	–	–	3,903
	<u>81,964</u>	<u>125,858</u>	<u>182,783</u>
<b>Current assets</b>			
Inventories	98,472	130,345	212,481
Contract assets	–	–	42,354
Trade and bills receivables, prepayments and other receivables	111,802	111,449	217,967
Cash and cash equivalents	8,597	5,981	27,936
	<u>218,871</u>	<u>247,775</u>	<u>500,738</u>
<b>Current liabilities</b>			
Trade and bills payables and other payables	192,757	240,584	351,098
Contract liabilities	–	–	5,726
Borrowings	55,870	75,891	108,920
	<u>248,627</u>	<u>316,475</u>	<u>465,744</u>
<b>Net current (liabilities)/assets</b>	<u>(29,756)</u>	<u>(68,700)</u>	<u>34,994</u>
<b>Total asset less current liabilities</b>	<u>52,208</u>	<u>57,158</u>	<u>217,777</u>
<b>Non-current liabilities</b>			
Other payable	144	94	36
<b>Net assets</b>	<u>52,064</u>	<u>57,064</u>	<u>217,741</u>
<b>EQUITY</b>			
Share capital	45,709	45,709	60,884
Reserves	6,355	11,355	156,857
<b>Total equity</b>	<u>52,064</u>	<u>57,064</u>	<u>217,741</u>

## APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital <i>HK'000</i> (unaudited)	Share premium <i>HK'000</i> (unaudited)	Exchange reserve <i>HK'000</i> (unaudited)	Financial assets at fair value through other comprehensive income reserve <i>HK\$'000</i> (unaudited)	Accumulated losses <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
At 1 January 2019	45,709	70,630	(1,803)	(707)	(62,930)	50,899
Profit for the year	-	-	-	-	2,128	2,128
Other comprehensive (expense)/ income for the year, net of tax						
Exchange difference on translation of foreign operations	-	-	(1,030)	-	-	(1,030)
Change in fair value of financial assets at fair value through other comprehensive income	-	-	-	67	-	67
At 31 December 2019 and 1 January 2020	45,709	70,630	(2,833)	(640)	(60,802)	52,064
Profit for the year	-	-	-	-	2,382	2,382
Other comprehensive income/ (expense) for the year, net of tax						
Exchange difference on translation of foreign operations	-	-	2,669	-	-	2,669
Change in fair value of financial assets at fair value through other comprehensive income	-	-	-	(51)	-	(51)
At 31 December 2020 and 1 January 2021	45,709	70,630	(164)	(691)	(58,420)	57,064
Loss for the year	-	-	-	-	(36,477)	(36,477)
Other comprehensive income/ (expense) for the year, net of tax						
Issue of ordinary share	15,176	178,652	-	-	-	193,828
Exchange difference on translation of foreign operations	-	-	3,661	-	-	3,661
Change in fair value of financial assets at fair value through other comprehensive income	-	-	-	(335)	-	(335)
As at 31 December 2021	<u>60,885</u>	<u>249,282</u>	<u>3,497</u>	<u>(1,026)</u>	<u>(94,897)</u>	<u>217,741</u>

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**APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP**

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**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Year ended 31 December</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(loss) before taxation	2,177	2,383	(40,401)
<b>Adjustments for:</b>			
Interest income	(43)	(1,541)	(181)
Interest expenses	8,433	8,691	8,433
Depreciation of property, plant and equipment	3,341	4,353	1,458
Amorisation of intangible assets	9,667	19,531	132
Loss on disposal of property, plant and equipment	<u>396</u>	<u>5</u>	<u>–</u>
Operating cash flows before movements in working capital	23,971	33,422	(30,559)
(Increase)/decrease in trade and bills receivables prepayments, deposits and other receivables	25,566	353	(102,632)
(Increase)/decrease in inventories	(6,713)	(31,873)	(80,891)
Increase in contract assets	–	–	(42,354)
Increase/(decrease) in trade and bills payables and other payables	<u>20,602</u>	<u>17,005</u>	<u>122,726</u>
<b>Net cash generated from/(used in) operating activities</b>	<u>63,426</u>	<u>18,907</u>	<u>(133,710)</u>

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**APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP**

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	<b>Year ended 31 December</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)
<b>CASH FLOWS FROM INVESTING</b>			
<b>ACTIVITIES</b>			
Interest received	43	1,541	181
Sale proceeds from disposal of property, plant and equipment	–	1	–
Purchase of plant and equipment	<u>(43,002)</u>	<u>(36,591)</u>	<u>(53,207)</u>
<b>Net cash used in investing activities</b>	<u>(42,959)</u>	<u>(35,049)</u>	<u>(53,026)</u>
<b>CASH FLOWS FROM FINANCING</b>			
<b>ACTIVITIES</b>			
Proceeds from bank borrowings	70,300	110,293	82,354
Repayment of bank borrowings	(86,424)	(90,388)	(59,582)
Capital contribution	–	–	193,828
Interest paid	<u>(8,433)</u>	<u>(8,691)</u>	<u>(8,433)</u>
<b>Net cash (used in)/generated from financing activities</b>	<u>(24,557)</u>	<u>11,214</u>	<u>208,167</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(4,090)	(4,928)	21,431
Cash and cash equivalents at the beginning of the year	13,511	8,598	5,981
Effect of foreign exchange rate changes	<u>(824)</u>	<u>2,311</u>	<u>524</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>8,597</u></u>	<u><u>5,981</u></u>	<u><u>27,936</u></u>

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION****1. GENERAL INFORMATION**

Titan Invo Technology Limited (formerly known as Tus International Limited) (the “**Company**”) is incorporated in the Cayman Islands with limited liability with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The addresses of the registered office and principal place of business of the Company are disclosed in the section of “Appendix V – General Information” in this circular.

On 6 May 2022, the Titan Zhijia (Suzhou) Technology Limited\* (泰坦智駕(蘇州)科技有限公司)(formerly Suzhou Qiyizhi Management Enterprise Limited\* (蘇州企億智企業管理有限公司)) (“**Titan Zhijia**”), an indirect wholly-owned subsidiary of the Company, entered into the equity transfer agreement with the Tibet Tengyun New Power Technology Company Limited\* (西藏騰雲新動力科技有限公司)(formerly Tibet Huize Hongtu Trading Co., Ltd.\* (西藏惠澤宏圖商貿有限公司)) (“**Tibet Tengyun**”), a limited liability company established in the People’s Republic of China (the “**PRC**”) pursuant to which the Titan Zhijia has agreed to sell and Tibet Tengyun has agreed to acquire the 15.5% equity interest of Suzhou Zhihua Automobile Electronics Co., Ltd. (蘇州智華汽車電子有限公司)(the “**Target Company**”) and its subsidiaries (collectively, the “**Target Group**”) for a consideration of RMB110.0 million (equivalent to approximately HK\$132.0 million).

The Target Company is a limited liability company established in the PRC. The address of its registered office is No. 1268, Jiaotong Road, Wujiang Economic and Technological Development Zone, Suzhou, PRC.

The principal business activities of the Target Group are research and development, production and sale of ADAS. ADAS products, covering both active (control) and passive (warning) systems include around view monitoring, lane departure warning, forward collision warning, pedestrian detection, night vision, blind spot detection and driver fatigue monitoring and other ADAS-related technologies. The financial information of the Target Group is presented in Hong Kong dollars (“**HK\$**”), which is different from its functional currency of Renminbi (“**RMB**”), as the Company is listed on the Stock Exchange, where most of its investors are located in Hong Kong.

\* for identification purpose only

**2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION**

The financial information of the Target Group has been prepared in accordance with paragraph 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rule**”) and solely for the purpose of inclusion in this circular. It does not contain sufficient information to constitute a complete set of financial statements as described in Hong Kong Accounting Standard (“**HKAS**”) 1 “Presentation of Financial Statements” nor a set of condensed financial statements as defined in HKAS 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). It should be read in connection with the annual report of the Company for the year ended 31 December 2020 and the interim report of the Company for the six months ended 30 June 2021.

For the purpose of preparing and presenting the financial information for the three years ended 31 December 2021 (the “**Relevant Periods**”), the Target Group has consistently adopted the same accounting policies as set out in the annual report of the Company for the year ended 31 December 2020 and the interim report of the Company for the six months ended 30 June 2021.

The financial information of the Target Group has been prepared on historical cost basis except for investment properties that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.