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**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)

**DISCLOSEABLE TRANSACTION IN RELATION TO  
THE ACQUISITION OF 56.33% OF THE EQUITY INTEREST IN  
THE TARGET COMPANY INVOLVING  
ISSUE OF BONDS**

**THE ACQUISITION**

The Board is pleased to announce that on 28 September 2022 (after trading hours), the Company, the Vendors and the Target Company entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, the Sale Shares (representing approximately 56.33% of the equity interest in the Target Company) for the Consideration of RM14,887,640.45 (which is agreed to be equivalent to HK\$26,500,000). The Consideration subject to adjustments under the Profit Guarantee shall be satisfied by the issue of the Bonds by the Company to the Vendors upon Completion.

Upon the Completion, the Company will directly hold approximately 56.33% of the equity interest in the Target Company and the financial results and assets and liabilities of the Target Company will therefore be consolidated into the financial statements of the Group.

Each of the Vendors also entered into a Letter of Intent with the Company on 28 September 2022 (after trading hours) in relation to the intention to replace the Bonds with the New Convertible Bonds to be issued in the future, subject to conditions. Further announcement(s) will be made by the Company to keep the Shareholders and potential investors informed as and when appropriate.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements but exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

**Completion is subject to the fulfilment or waiver of the Conditions under the Sale and Purchase Agreement. As the Acquisition may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

**At the request of the Company, trading in the Shares on The Stock Exchange has been suspended since 9:00 a.m. on 18 July 2022 and will remain suspended pending the publication of the audited annual results of the Group for the year ended 31 December 2021 and the interim results of the Group for the six months ended 30 June 2022.**

## **THE ACQUISITION**

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### **Sale and Purchase Agreement**

#### **Date**

28 September 2022

#### **Parties**

- (1) The Company
- (2) The Vendors
- (3) The Target Company

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendors are third parties independent of the Company and its connected persons.

#### **Assets to be acquired**

Subject to the terms and conditions in the Sale and Purchase Agreement, the Vendors shall sell, and the Company shall purchase the Sale Shares (representing approximately 56.33% of the equity interest in the Target Company).

#### **Consideration**

The Consideration payable by the Company for the Acquisition, subject to adjustments under the Profit Guarantee, is RM14,887,640.45 (which is agreed to be equivalent to HK\$26,500,000). It shall be satisfied by the issue of the Bonds to the Vendors upon Completion.

## **Basis for determining the Consideration**

The Consideration was determined after arm's length negotiations between the Company and the Vendors with reference to: (i) the historical financial performance of the Target Group; (ii) the Profit Guarantee provided by the Vendors; (iii) the price-to-earnings multiples of comparable companies of the Target Group in the Asian automobile retail market ranging between approximately 5.6 and 11.3 times; (iv) the rescission right of the Company as set out in the sub-section headed "Rescission and mandatory redemption" below; (v) the business and development prospects of the Target Group; and (vi) the benefits from the Acquisition and other facts as described under the section headed "REASONS FOR AND BENEFITS OF THE ACQUISITION" below.

Having considered the aforesaid reasons and factors, the Directors consider that the Consideration and its settlement terms are fair and reasonable, and the Acquisition is in the interests of the Company and its Shareholders as a whole.

## **Conditions precedent to Completion**

Completion will be subject to and conditional upon the fulfilment or waiver (as the case may be) of certain Conditions, including:

- (a) the Vendors having proved that each of them has a good title to the Sale Shares, free from all encumbrances and third party claims;
- (b) the Vendors having obtained irrevocable waivers of any restrictions on transfer (including pre-emption rights, co-sale rights and rights of first refusal) which may exist in relation to the Sale Shares, whether arising under or pursuant to the constitutional documents of the Target Company or otherwise;
- (c) the Vendors having delivered to the Company documents evidencing the completion of declaration of distribution of profits in the amount of RM1,000,000 by way of dividend to existing shareholders of the Target Company prior to the Completion Date;
- (d) the Vendors having delivered to the Company documents evidencing the full repayment of the Target Company's bank loan of RM500,000 and full discharge of the relevant guarantees in relation thereto;

- (e) the Company being absolutely satisfied with the conduct and results of due diligence results on the Target Group;
- (f) the Company being satisfied that the audited accounts of the Target Company for the financial years ended 31 October 2019, 2020 and 2021, the management accounts of the Target Company for the 6 months ended 30 April 2022, and warranties are true, complete and accurate up to and including the Completion Date, and that there is no non-disclosure on the part of the Vendors;
- (g) there being no breach of the representations, warranties and undertakings or any other terms of the Sale and Purchase Agreement on the part of any of the Vendors;
- (h) the Shares remaining to be listed on, and not having been revoked or withdrawn from the Stock Exchange;
- (i) the Company having complied with the applicable requirements under the Listing Rules in relation to the transactions contemplated under the Sale and Purchase Agreement and the Subscription Agreements;
- (j) the Company having made all necessary announcement(s) in compliance with the Listing Rules and applicable laws of Hong Kong;
- (k) all authorisations, consents and approvals of all governmental or regulatory authorities, agencies or bodies under all applicable laws, including but not limited to laws of Hong Kong and laws of Malaysia, which are necessary or required for the purposes of the transactions contemplated by the Sale and Purchase Agreement having been obtained; and
- (l) all necessary authorisations, consents and approvals which may be required to implement the Sale and Purchase Agreement under any existing contractual arrangements or documentation having been obtained.

Save for items (e), (f) and (g) above, none of the Conditions above may be waived by the Company. If any Condition has not been fulfilled or waived by the Company on or before the Long Stop Date, the Sale and Purchase Agreement will lapse. As at the date of this announcement, none of the Conditions have been fulfilled or waived or are intended to be waived by the Company.

## **Completion**

Completion shall take place on the Completion Date after the fulfilment or waiver (as the case may be) of the Conditions, provided that it shall be no later than the Long Stop Date.

As of the date of this announcement, the Target Company is wholly owned by the Vendors and three individuals, namely Mr. Chui Ee Mien, Mr. Lin Chung Hui and Mr. Chow Yun Cheung, holding approximately 18.94%, 18.94% and 5.80% of equity interest in the Target Company, respectively. Mr. Chow is an employee of the Company and is not a director of the Target Company.

Upon Completion, the Company will directly hold approximately 56.33% of the equity interest in the Target Company and the financial results, assets and liabilities of the Target Company will be consolidated into the financial statements of the Group. The Company may appoint up to two directors to the board of directors of the Target Company upon Completion.

## **Non-competition and non-solicitation undertakings**

The Vendors each undertakes that unless with the prior written consent of the Target Company and the Company, so long as such Vendor has or holds any interest in the Target Company and up to three (3) years from the date on which such Vendor ceases to have or hold any interest in the Target Company, such Vendor shall not, either solely or jointly with or on behalf of or through another, directly or indirectly, inter alia, (i) carry on or be engaged or interested in any business competing with the business of the Target Group in Malaysia, (ii) solicit or entice away any customer or client of the business of the Target Group or attempt to do so, or (iii) solicit, employ or entice away any director or employees of the Target Group or endeavour to do so. Such undertakings will be terminated immediately if the Company does not hold the Sale Shares in their entirety.

## **Profit Guarantee**

The Company and Vendors agree that following the Completion, the Consideration shall be adjusted (the “**Adjusted Consideration**”) on the following basis (the “**Adjustment**”): if the average of the audited consolidated net profit attributable to owners of the Target Company, before or after excluding exceptional items (whichever lower), for the financial years ending 31 October 2022 and 31 October 2023, as shown in its audited consolidated financial statements (the “**Actual Net Profit**”) is lower than RM2,200,000 (equivalent to approximately HK\$3,916,000) (the “**Guaranteed Net Profit Value**”), the Consideration shall be reduced by an amount equal to nine (9) times the difference between the Guaranteed Net Profit Value and the Actual Net Profit (the “**Difference**”), subject to a maximum reduction of an amount equivalent to the Consideration, so that in the event that the Difference is larger than the Consideration, the Consideration shall be nil.

The refund and return of the difference between the Consideration and the Adjusted Consideration shall be made in the following manner or as otherwise agreed in writing between each of the Vendors and the Company:

- (a) if the Company has fully redeemed any of the Bonds prior to the date on which the Adjustment is determined, each of the Vendors whose Bonds have been redeemed shall pay in cash to the Company an amount (the “**Compensation Amount**”) calculated in accordance with the following formula within five (5) Business Days after such Vendor receives a written notice from the Company in relation to the Adjusted Consideration and Difference:

Compensation Amount = Difference x that Vendor’s respective Sale Proportion (as defined below)

- (b) if the Company has not fully redeemed the Bonds as at the date on which the Adjustment is determined, upon giving written notice to each Vendor, the Certificate which in principal amount is equivalent to that Vendor’s proportion of Sale Shares (the “**Sale Proportion**”) of the Consideration as issued pursuant to their Subscription Agreement shall be cancelled by the Company, and the Company shall re-issue to each Vendor a new Certificate pursuant to the terms and conditions attached to the Bonds, which in principal amount is equivalent to each Vendor’s Sale Proportion of the Adjusted Consideration.

For the avoidance of doubt, no upward adjustments will be made to the amount of the Consideration, even if the Actual Net Profit exceeds the Guaranteed Net Profit Value. Further, the Profit Guarantee made by the Vendors does not represent the anticipated level of future profit of the Target Group and does not constitute a profit forecast under Rule 14.61 of the Listing Rules.

The Company shall within fourteen (14) Business Days from receipt of the audited consolidated financial statement of the Target Company for the year ending 31 October 2023, (i) determine the Adjusted Consideration, or (ii) if no Adjustment is to be made, notify the Vendors in writing of such fact.

### **Rescission and mandatory redemption**

If during the Lock-up Period, the Company considers that the representations and warranties which may cause material adverse impact to the business, financial position or performance of the Target Group had been breached, or are otherwise untrue, incorrect, or misleading in any material respect, the Company shall have the right to rescind the Sale and Purchase Agreement. The Company shall deliver to the Vendors a notice in writing of its intention to rescind the Sale and Purchase Agreement, together with the (i) original share certificate(s) for the relevant Sale Shares issued in its/its nominee's name; and (ii) original duly executed instruments of transfer in respect of the relevant Sale Shares in favour of each of the respective Vendors. The Vendors and the Company shall, and jointly, severally and irrevocably covenant and undertake to, promptly take all actions as may be necessary or desirable to effect the rescission, including execution of the instruments of transfer and such other necessary documents, and procuring the registration of transfer of the Sale Shares and in accordance with applicable laws of Malaysia.

Notwithstanding the above, the parties agree that upon actual delivery or deemed delivery of the notice in writing, original share certificate(s) and instruments of transfer as required above on the part of the Purchaser, all the Bonds issued to the Vendors under the Subscription Agreements shall be considered redeemed in full. The parties agree that on such rescission and redemption of the Bonds, any interests and sums accrued already paid by the Company to the Vendors under the Bonds shall be retained in full by the Vendors.

The Company shall also use its best endeavours to quantify such impact in relation to and arising from the rescission, and take all necessary precautions, including but not limited to obtaining legal and other independent advice, and seek indemnities or claims from the Vendors.



## PRINCIPAL TERMS OF THE BONDS

### Issuer

The Company

### Subscribers and principal amount

<b>Subscribers</b>	<b>Principal amount</b> <i>HK\$</i>
Wong Yuet Fong	17,856,223
Suek Jennifer Wing Wo	<u>8,643,777</u>
Total	<u><u>26,500,000</u></u>

### Maturity date

The third (3rd) anniversary of the date of issue of the Bonds (the “**Maturity Date**”).

### Interest

The Bonds shall bear interest on the outstanding principal thereof from the date of the Certificate until the date of redemption of the Bonds at the rate of 7.5% per annum, payable in advance on the date of the Certificate and quarterly on the first Business Day of each calendar quarter.

### Redemption at maturity and early redemption

The outstanding principal amount of the Bonds together with such additional amounts as may be payable shall, unless previously repaid, be repaid in full subject to and in accordance with the terms and conditions of the Bonds on the Maturity Date.

The Company may also, with written consent from the Bondholders, at any time after the Lock-up Period redeem the Bonds or any part thereof by payment of the outstanding principal amount of the Bonds so redeemed together with such additional amount as may be payable.

### **Redemption rights of the Bondholders**

Unless previously redeemed, the Bondholders have the option to require the Company to redeem in full or partially the outstanding Bonds at any time after the occurrence of an event of default and the Company failing to take remedial steps to rectify such an event of default within thirty (30) days after receipt of the written notice served by the Bondholder. The redemption price payable by the Company upon such exercise of redemption rights by the Bondholders shall be the outstanding principal amount of the Bonds so redeemed plus redemption premium calculated at the rate of 15% per annum thereon.

### **Events of default**

Pursuant to each of the Subscription Agreements, in respect of the relevant Bonds to which it relates an event of default includes the occurrence of the following events:

- (a) there is failure by the Company to pay any principal, interest or any other amount due in respect of the Bonds;
- (b) if any action or steps are taken or legal proceedings are started (under any applicable law) by the Company and/or any of its subsidiaries and/or any third party for the winding up, administration or reorganisation of the Company or any of its subsidiaries;
- (c) if the Company and/or any of its subsidiaries changes its principal and core business or the Company and/or any of the subsidiaries has discontinued or materially changed the nature of its business, or merges or consolidates with any other company or legal entity without obtaining the prior approval of the Bondholder;
- (d) the Shares cease to be listed on or are revoked or withdrawn from the Stock Exchange, or the Stock Exchange having indicated that it will object to such listing and trading of the Shares on the Stock Exchange;
- (e) any representation or warranty of the Company in the Subscription Agreements is incorrect, misleading or false when made;

- (f) any judgment or order rendered against any member of the Group which has the effect of revoking any material licences required for the operation of the business of the relevant member of the Group; or
- (g) it is or will become unlawful for the Company to perform or comply with any one or more of its covenants, conditions, provisions or obligations under the Bonds.

### **Transferability**

The Bonds may be transferred by delivery of the Certificate, with the form of transfer duly completed and signed. None of the Bonds may be transferred or assigned to any person by any Bondholder(s) within the Lock-up Period. The Bonds may not be transferred to connected persons of the Company.

### **INTENTION TO ISSUE THE NEW CONVERTIBLE BONDS TO REPLACE THE BONDS**

Each of the Vendors also entered into a Letter of Intent with the Company on 28 September 2022 (after trading hours) in relation to the intention to replace the Bonds with the New Convertible Bonds in the future. The parties may, subject to terms and conditions of the Letters of Intent, enter into further agreement(s) for and in respect of the Replacement, pursuant to which the Bonds will be cancelled and replaced by the New Convertible Bonds with an aggregate principal amount equivalent to the amount of the Bonds.

The Letters of Intent terminate if any of the following events take place:

- (a) the conditions precedent to the Replacement as set out below or any other condition(s) precedent as may be mutually agreed between the parties has not been fulfilled or waived by the parties on or before the Replacement;
- (b) the Sale and Purchase Agreement is terminated, rescinded, and/or has lapsed;
- (c) the Subscription Agreement is terminated, rescinded, and/or has lapsed;
- (d) a supplemental agreement has been entered into by the parties to replace the Letters of Intent; or
- (e) it is mutually agreed in writing between the parties.

Further announcement(s) will be made by the Company to keep the Shareholders and potential investors informed as and when appropriate.

### **Conditions precedent to the Replacement**

Replacement will be subject to and conditional upon the fulfilment of the following conditions:

- (a) trading of the Shares on the Stock Exchange having been resumed; and
- (b) the Company having obtained the approval from the Stock Exchange for the listing of, and permission to deal in, the New Conversion Shares.

## **Indicative principal terms of the New Convertible Bonds**

Pursuant to the Letters of Intent, the non-binding indicative principal terms of the New Convertible Bonds are as follows. These terms are subject to modification upon further negotiations and discussions between the Parties in the future, and further subject to compliance with Listing Rules and other relevant laws, rules and regulations.

### **Issuer**

The Company

### **Subscribers and indicative principal amount**

<b>Subscribers</b>	<b>Indicative principal amount <i>HK\$</i></b>
Wong Yuet Fong	17,856,223
Suek Jennifer Wing Wo	<u>8,643,777</u>
Total	<u><u>26,500,000</u></u>

In the event that the Consideration is reduced in accordance with the Adjustment under the Sale and Purchase Agreement based on the Profit Guarantee, the principal amount of the New Convertible Bonds will be reduced accordingly to reflect the Adjusted Consideration.

### **Maturity date**

The same Maturity Date as the Bonds.

### **Form and denomination**

The New Convertible Bonds will be issued in registered form and in denominations equal to their respective issue price.

## **Interest**

The New Convertible Bonds will bear interest on the outstanding principal thereof from the date of the CB Certificate until the date of redemption or conversion of the New Convertible Bonds at the rate of 5% per annum, payable in advance on the date of the CB Certificate and quarterly on the first Business Day of each calendar quarter.

## **Conversion rights**

Subject to the terms and conditions of the New Convertible Bonds, the CB Holders will have the right to convert (in whole or in part, with a minimum principal amount of HK\$1,000,000 or if the aggregate holding of the New Convertible Bonds held by such CB Holder is less than HK\$1,000,000, the whole of that aggregate holding) the outstanding principal amount of its New Convertible Bonds into the New Conversion Shares credited as fully paid at any time during the Conversion Period (as defined below) disregarding fractions and rounded down to the nearest board lot of Shares, obtainable by dividing the aggregate principal amount of the New Convertible Bonds to be converted, by the applicable Conversion Price in effect on the relevant date of conversion.

## **Conversion Price**

The Conversion Price will be HK\$0.06625 per New Conversion Share, subject to adjustments as provided in the terms and conditions of the New Convertible Bonds.

The Conversion Price represents:

- (a) a premium of approximately 10.42% over the closing price of HK\$0.06 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 9.69% over the average closing price of approximately HK\$0.0604 per Share based on the daily closing prices as quoted on the Stock Exchange for the five trading days up to and including the Last Trading Day;
- (c) a premium of approximately 8.25% over the average closing price of approximately HK\$0.0612 per Share based on the daily closing prices as quoted on the Stock Exchange for the ten trading days up to and including the Last Trading Day.

The Conversion Price was determined after arm's length negotiations between the Company and the Vendors with reference to recent closing prices of the Shares before the Last Trading Day. The Directors consider that the Conversion Price is fair and reasonable and in the best interests of the Company and its Shareholders as a whole.

### **Conversion Period**

The period commencing from the date on which the Adjustment is determined pursuant to the Sale and Purchase Agreement, to the close of business on the second Business Day prior to the Maturity Date (both dates inclusive) (the "**Conversion Period**").

### **Conversion shares**

Based on the Conversion Price of HK\$0.06625 per New Conversion Share, a maximum of 400,000,000 New Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the New Convertible Bonds in full. The 400,000,000 New Conversion Shares represent approximately 19.38% of the existing issued share capital of the Company as at the date of this announcement and represent approximately 16.24% of the issued share capital of the Company as enlarged by the allotment and issue of the New Conversion Shares in full.

The New Conversion Shares shall be allotted and issued under General Mandate. The aggregate nominal value of the New Conversion Shares (with a par value of HK\$0.01 each) will be HK\$4,000,000.

### **Voting rights**

A CB Holder will not have any right to attend or vote at any meeting of the Company by virtue of being a CB Holder, and until and unless such CB Holder has converted its New Convertible Bonds into Shares.

### **Redemption at maturity, early redemption and redemption rights of the CB Holders**

Subject to modification(s) and/or amendments upon further negotiations, mutual agreement and/or execution of further agreement(s), the terms and conditions in relation to redemption at maturity, early redemption and redemption right of the Bondholders will equally apply to the New Convertible Bonds (with necessary modifications).

## **Transferability**

The New Convertible Bonds may be assigned or transferred by the CB Holders to any person except to connected persons of the Company, but may not be transferred or assigned within the Lock-up Period.

## **Listing**

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the New Conversion Shares to be allotted and issued upon exercise of the conversion rights attaching to the New Convertible Bonds as and when appropriate. No application will be made by the Company for the listing of the New Convertible Bonds on the Stock Exchange or any other stock exchanges.

## **Status**

The New Convertible Bonds will constitute direct, unsubordinated and unconditional obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves and, save for such exception as may be provided by mandatory provisions of applicable laws, at least *pari passu* with the Company's existing loans and equity-linked securities and all other present and future outstanding unsecured unsubordinated obligations of the Company.

**The Directors confirm that the Replacement, the entry into further agreement(s) for and in respect of the same, and issue of New Convertible Bonds by the Company in the future shall be carried out in compliance with all applicable requirements under the Listing Rules. The Company shall make further disclosure in compliance with the Listing Rules as and when necessary.**

**As the Replacement and the issue of New Convertible Bonds may or may not occur, Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company, and should consult their stockbroker, bank manager, solicitor or other professional adviser if they are in any doubt about their positions or as to actions they should take.**



## PLEDGE OF THE SALE SHARES

Pursuant to the Subscription Agreements, each of the Vendors shall enter into a share pledge agreement with the Company and the Target Company pursuant to which the Company shall pledge such Vendor's respective Sale Proportion of Sale Shares as security in favour of each of the Vendors in respect of its payment obligations under the Bonds.

## INFORMATION OF THE TARGET GROUP

### The Target Company

The Target Company is a company incorporated in Malaysia with limited liability on 5 October 2017 and is principally engaged in automobile services ever since. As at the date of this announcement, the Target Company directly holds three subsidiaries incorporated in Malaysia.

The Target Group is a Malaysia-based automobile service provider providing one-stop fleet management services. They own a maintenance centre, a tire service centre and an e-commerce portal for automobile related products. The Target Group currently provides maintenance and management services to approximately 2,000 passenger vehicles in Kuala Lumpur, Malaysia.

### Financial Information of the Target Group

The table below sets out the audited consolidated financial information of the Target Group for the two years ended 31 October 2020 and 31 October 2021 and the unaudited consolidated financial information of the Target Group for the six months ended 30 April 2022 prepared pursuant to the Malaysian Private Entities Reporting Standard:

	For the years ended 31 October		For the six months ended
	2020	2021	30 April
	(audited)	(audited)	(unaudited)
	(RM'000)	(RM'000)	(RM'000)
Revenue	10,339	10,157	5,869
Profit before taxation	3,226	3,021	1,960
Net profit attributable to owners	2,536	2,278	1,518

The unaudited consolidated net asset value of the Target Group as at 30 April 2022 is approximately RM7,067,000 (equivalent to approximately HK\$12,579,260).

Upon Completion, the Target Company will become a non-wholly owned subsidiary of the Company and the Target Group's financial results, assets and liabilities will be consolidated into the financial results of the Group. The Company may appoint up to two directors to the board of directors of the Target Company upon Completion.

## **INFORMATION OF THE VENDORS**

The Vendors comprise two individuals, namely, Ms. Wong Yuet Fong and Ms. Suek Jennifer Wing Wo. As at the date of this announcement, the Target Company comprises 1,241 shares, 471 and 228 of which are held by Ms. Wong Yuet Fong and Ms. Suek Jennifer Wing Wo respectively, representing approximately 37.96% and 18.37% of the equity interest in the Target Company respectively. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendors are third parties independent of the Company and its connected persons.

## **INFORMATION OF THE COMPANY**

The Company is incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange (stock code: 872). The Group is principally engaged in the research and development, production and sale of automotive-grade wireless connectivity modules in Europe, the United States and the Asia-Pacific region.

## EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table shows the anticipated effect on the shareholding structure of the Company arising from the conversion of the potential New Convertible Bonds intended to be issued for the Replacement as described in the Letters of Intent:

Shareholder	As at the date of this announcement		Immediately after the full conversion of the New Convertible Bonds		Immediately after the full conversion of the New Convertible Bonds and assuming full exercise of Existing Convertible Bonds and exercisable Share Options	
	<i>Number of Shares</i>	<i>Approx. % (Note 5)</i>	<i>Number of Shares</i>	<i>Approx. % (Note 5)</i>	<i>Number of Shares</i>	<i>Approx. % (Note 5)</i>
<b>Substantial Shareholders</b>						
Mr. Ma <i>(Note 1)</i>	210,718,000	10.2%	210,718,000	8.6%	319,998,000	11.7%
Tuspark Venture <i>(Note 2)</i>	452,519,805	21.9%	452,519,805	18.4%	600,255,670	22.0%
E-Town International Holding (Hong Kong) Co., Limited	<u>387,080,868</u>	<u>18.8%</u>	<u>387,080,868</u>	<u>15.7%</u>	<u>387,080,868</u>	<u>14.2%</u>
	1,050,318,673	50.9%	1,050,318,673	42.7%	1,307,334,538	47.9%
<b>Other Directors</b>						
Hu Bo <i>(Note 3)</i>	–	–	–	–	8,000,000	0.3%
Tsang Ling Bui Gilbert <i>(Note 4)</i>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>4,640,000</u>	<u>0.2%</u>
	–	–	–	–	12,640,000	0.5%
<b>Vendors</b>						
Wong Yuet Fong	–	–	269,527,894	10.9%	269,527,894	9.9%
Suek Jennifer Wing Wo	<u>–</u>	<u>–</u>	<u>130,472,106</u>	<u>5.3%</u>	<u>130,472,106</u>	<u>4.8%</u>
	–	–	400,000,000	16.2%	400,000,000	14.7%
<b>Public Shareholders</b>	<u>1,013,296,610</u>	<u>49.1%</u>	<u>1,013,296,610</u>	<u>41.1%</u>	<u>1,013,296,610</u>	<u>36.9%</u>
<b>Total</b>	<u><u>2,063,615,283</u></u>	<u><u>100.0%</u></u>	<u><u>2,463,615,283</u></u>	<u><u>100.0%</u></u>	<u><u>2,733,271,148</u></u>	<u><u>100.0%</u></u>

*Notes:*

- (1) In addition to these 210,718,000 Shares, as at the date of this announcement, Mr. Ma (i) has (A) exercisable Share Options carrying the right to subscribe for 9,280,000 Shares at an exercise price of HK\$0.822 per Share Option and (B) other Share Options carrying the right to subscribe for 20,636,000 Shares at an exercise price of HK\$0.1058 per Share Option which are not exercisable until 2 December 2022 and (ii) owns the Mr. Ma CB.
- (2) In addition to these 452,519,805 Shares, Tuspark Venture owns the Tuspark CB.
- (3) As at the date of this announcement, Hu Bo, an executive Director, has exercisable Share Options carrying the right to subscribe for 8,000,000 Shares at an exercise price of HK\$0.300 per Share Option.
- (4) As at the date of this announcement, Tsang Ling Biu Gilbert, a non-executive Director, has (A) exercisable Share Options carrying the right to subscribe for 4,640,000 Shares at an exercise price of HK\$0.820 per Share Option and (B) other Share Options carrying the right to subscribe for 10,318,000 Shares at an exercise price of HK\$0.1058 per Share Option which are not exercisable until 2 December 2022.
- (5) The sum of the shareholding percentages in the table above may not add up to 100.0% due to rounding adjustments.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is principally engaged in the research and development, production and sale of automotive-grade wireless connectivity modules in 5G, V2X (vehicle-to-everything), GNSS (global navigation satellite system) and other fields in Europe, the United States and the Asia-Pacific region. As an advanced vehicle/person/thing interconnection module, V2X intelligently identifies potential safety hazards and provides real-time feedback to avoid or reduce traffic accidents, and hence is advocated by many car manufacturers.

The Target Group is a sizeable and resourceful automobile service provider in Malaysia, managing approximately 2,000 passenger vehicles in Kuala Lumpur. The management of the Target Company are industry veteran with wide network in the domestic automobile market. The Target Group's main customer is Grab, one of the largest online car-hailing groups in Southeast Asia. The Target Company will explore cooperation opportunities on the possible application of real-time monitoring technology onto Grab's vehicles to increase driving safety. The Acquisition would allow the Group to expand its business coverage to the Asia-Pacific region and the Target Company could serve as a new sales point for the Group's integrated chip products.

In addition, as the Target Group has strong track record for the past years and the Vendors have jointly and severally undertaken the Profit Guarantee, the Group expects the potential returns from the investment in the Target Company will contribute positively to the financial results of the Group.

The Directors have considered alternative methods to settle the Consideration, including the use of cash or the issue of Shares. The Directors are of the view that settling the Consideration by the issue of Bonds, instead of using cash, would not lead to an immediate cash outflow of the Group, which is beneficial to the Group in view of the Group's financial and liquidity position. As compared to issuing Shares, the issue of Bonds would not result in any dilution for existing Shareholders and would reduce uncertainty arising from the suspension status of the Shares. Accordingly, the Directors consider that on balance the issue of the Bonds is the preferred method for settling the Consideration.

Having considered the above, the Directors believe that the Acquisition is in line with the overall business direction of the Group, and the terms of the Sale and Purchase Agreement are on normal commercial terms and fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

The Company does not have any intention, is not in negotiations, an agreement, or any arrangements or understanding to acquire the remaining stake of the Target Company.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements but exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **GENERAL**

**Completion is subject to the fulfilment or waiver of the Conditions under the Sale and Purchase Agreement. As the Acquisition may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

**At the request of the Company, trading in the Shares on The Stock Exchange has been suspended since 9:00 a.m. on 18 July 2022 and will remain suspended pending the publication of the audited annual results of the Group for the year ended 31 December 2021 and the interim results of the Group for the six months ended 30 June 2022.**

## **DEFINITIONS**

“Acquisition”	the acquisition of approximately 56.33% of the equity interest in the Target Company pursuant to the terms and conditions of the Sale and Purchase Agreement
“Board”	the board of directors of the Company
“Bonds”	the bonds in the principal amount of HK\$26,500,000 to be issued by the Company to the Vendors to settle the Consideration for the Acquisition
“Bondholder(s)”	holder(s) of the Bonds
“Business Day(s)”	a day (excluding Saturday, Sunday or public holiday) on which licensed commercial banks in Hong Kong are open for general banking business for members of the public in Hong Kong
“CB Certificate”	the definitive registered certificate to be given under the seal of the Company evidencing the title of the CB Holder to the New Convertible Bonds it holds
“CB Holder(s)”	holder(s) of the New Convertible Bonds
“Certificate”	the definitive registered certificate to be given under the seal of the Company evidencing the title of the Bondholder to the Bonds it holds

“Company”	Titan Invo Technology Limited, a company incorporated in the Cayman Islands with limited liability with its shares listed on the Main Board of the Stock Exchange (stock code: 872)
“Completion”	completion of the Acquisition pursuant to the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the next Business Days after all the Conditions have been fulfilled, or such other date as may be agreed by the Company and the Vendors, on which the Completion shall take place
“Condition(s)”	the condition(s) precedent to the Acquisition as set out in the Sale and Purchase Agreement
“Consideration”	the consideration payable by the Company for the Acquisition, being RM14,887,640.45 (which is agreed to be equivalent to HK\$26,500,000)
“Conversion Price”	HK\$0.06625 per New Conversion Share, subject to any adjustments pursuant to the terms and conditions of the New Convertible Bonds
“Director(s)”	director(s) of the Company
“Existing Convertible Bonds”	collectively, Mr. Ma CB and Tuspark CB
“General Mandate”	a general mandate to be granted to the Directors by the Shareholders at an annual general meeting of the Company in the future to allot, issue and deal with up to a number of new Shares being 20% of the then issued share capital of the Company as at the date of such annual general meeting
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	15 July 2022
“Letter(s) of Intent”	the letters of intent in relation to the intention of the Company and the Vendors to replace the Bonds with the New Convertible Bonds in the future subject to and in accordance with the terms and conditions therein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lock-up Period”	the period commencing from the date of issuance of the Bonds up to the date on which the Adjustment in connection with the Profit Guarantee is determined
“Long Stop Date”	21 October 2022 or such other date(s) as may be agreed in writing by the Vendors and the Company
“Mr. Ma”	Mr. Ma Chi Kong Karl, the Chairman of the Board and a non-executive Director
“Mr. Ma CB”	the Company’s 0% coupon convertible bonds in the principal amount of HK\$53,700,000 due on 21 June 2023 convertible into 100,000,000 Shares at a conversion price of HK\$0.537 owned by Mr. Ma
“New Conversion Shares”	the Share(s) to be allotted and issued upon exercise of the rights attached to the New Convertible Bonds to convert the principal amount of the New Convertible Bonds into Shares pursuant to the terms and conditions of the New Convertible Bonds



“New Convertible Bonds”	the convertible bonds in the principal amount of HK\$26,500,000 intended to be issued by the Company to the Vendors to replace the Bonds. They are convertible into New Conversion Shares at the Conversion Price as set out in the Letters of Intent
“Profit Guarantee”	the guarantee provided by the Vendors to the Company in relation to the average of the audited consolidated net profit attributable to owners of the Target Company, before or after excluding exceptional items (whichever lower), for the years ending 31 October 2022 and 2023
“Replacement”	the issue of the New Convertible Bonds to replace the Bonds
“RM”	Malaysian Ringgit, the lawful currency of Malaysia
“Sale and Purchase Agreement”	the sale and purchase agreement dated 28 September 2022 and entered into among the Company, the Vendors and the Target Company in relation to the Acquisition
“Sale Shares”	699 fully paid ordinary shares in the capital of the Target Company having a par value of RM1.00 each, representing approximately 56.33% of the equity interest in the Target Company
“Shareholder(s)”	shareholder(s) of the Company
“Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Option(s)”	the share option(s) granted under the share option schemes adopted by the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement(s)”	the bond subscription agreements executed with the Sale and Purchase Agreement by each of the Vendors and the Company for issuing the Bonds

“Target Company”	GRB Aces Sdn. Bhd., a company incorporated under the laws of Malaysia, whose registered office is situated at No. 9A, Jalan Medan Tuanku, Medan Tuanku, 50300 Kuala Lumpur, W.P
“Target Group”	collectively, the Target Company and its subsidiaries
“Tuspark CB”	the Company’s 0% coupon convertible bonds in the principal amount of HK\$89,882,500 due on 26 February 2025 convertible into 147,735,865 Shares at a conversion price of HK\$0.6084 owned by Tuspark Venture
“Tuspark Venture”	Tuspark Venture Investment Limited, a company incorporated in the British Virgin Islands with limited liability and a substantial Shareholder as at the date of this announcement
“Vendors”	collectively, two individuals, namely, Ms. Wong Yuet Fong and Ms. Suek Jennifer Wing Wo

*Unless otherwise specified in this announcement, amounts denominated in RM have been converted into Hong Kong dollars at the rate of RM1 = HK\$1.78. This exchange rate is for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be converted at the above rate or any other rates.*

By Order of the Board  
**Titan Invo Technology Limited**  
**Ma Chi Kong Karl**  
*Chairman*

Hong Kong, 28 September 2022

*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 Bui Gilbert who are non-executive Directors, and Hon. Quat Elizabeth (BBS, JP), Dr. Koong Hing Yeung Victor and Mr. Lee Kwok Tung Louis who are independent non-executive Directors.*