

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



**啟迪國際**  
TUS INTERNATIONAL

**TUS INTERNATIONAL LIMITED**

**啟迪國際有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 872)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021**

### **HIGHLIGHTS**

	<b>2021</b>	<b>2020</b>	<b>Change</b>
	<b><i>HK\$ million</i></b>	<b><i>HK\$ million</i></b>	<b><i>%</i></b>
Revenue	<b>172.7</b>	195.3	–11.6%
Gross profit	<b>33.2</b>	24.3	36.6%
Gross profit margin	<b>19.2%</b>	12.4%	6.8%
Research and development expenses	<b>22.9</b>	46.0	–50.1%
Finance costs	<b>47.6</b>	47.1	0.9%
Loss before taxation from continuing operations	<b>(86.6)</b>	(130.0)	–33.2%
Profit/(loss) for the period from continuing and discontinued operations	<b>11.5</b>	(175.0)	N/A
Profit/(loss) per share from continuing and discontinued operations			
– Basic and diluted ( <i>HK cents</i> )	<b>0.56</b>	(8.20)	N/A

## INTERIM RESULTS

The unaudited consolidated interim results for the six months ended 30 June 2021 (“Period”) of the Company and its subsidiaries (collectively the “Group”), together with comparative figures for the corresponding period in 2020, are as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 June 2021*

		Six months ended 30 June	
	Notes	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Restated) (Unaudited)
<b>Continuing operations:</b>			
Revenue	5	172,655	195,334
Cost of sales		<u>(139,451)</u>	<u>(171,023)</u>
<b>Gross profit</b>		<b>33,204</b>	24,311
Other revenue		2,462	18,082
Other gain and loss		28,862	(4,398)
Research and development expenses		(22,946)	(45,993)
Selling and distribution expenses		(3,262)	(1,899)
Depreciation		(6,979)	(8,794)
Amortisation		(27,021)	(27,052)
Administrative expenses		(38,960)	(44,862)
Allowance under expected credit loss model, net of reversal		(2,194)	(198)
Finance costs	6	<u>(47,583)</u>	<u>(47,144)</u>
<b>Loss before taxation</b>	7	<b>(84,417)</b>	(137,947)
Taxation	8	<u>(2,161)</u>	<u>8,394</u>
<b>Loss for the period from continuing operations</b>		<b>(86,578)</b>	(129,553)
<b>Profit/(loss) for the period from discontinued operations</b>	15	<u><b>98,116</b></u>	<u>(45,400)</u>

	Six months ended	
	30 June	
	2021	2020
Notes	HK\$'000	HK\$'000
	(Unaudited)	(Restated) (Unaudited)
<b>Profit/(loss) for the period</b>	<b>11,538</b>	<b>(174,953)</b>
<b>Other comprehensive income/(loss) for the period, net of income tax:</b>		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
– Exchange differences on translation of financial statements of foreign operations	<b>16,772</b>	<b>(7,583)</b>
<i>Item that was reclassified to profit or loss:</i>		
– Reclassification adjustment of exchange differences upon disposal of subsidiaries	<b>20,417</b>	<b>10,616</b>
<i>Item that will not be reclassified to profit or loss:</i>		
– Change in fair value of financial assets at fair value through other comprehensive income	<b>(5,327)</b>	<b>(21,897)</b>
Other comprehensive income/(loss) for the period	<b>31,862</b>	<b>(18,864)</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>43,400</b>	<b>(193,817)</b>
<b>Profit/(loss) for the period attributable to:</b>		
Owners of the Company		
– from continuing operations	<b>(86,578)</b>	<b>(133,670)</b>
– from discontinued operations	<b>98,200</b>	<b>(35,636)</b>
	<b>11,622</b>	<b>(169,306)</b>
Non-controlling interests		
– from continuing operations	<b>–</b>	<b>4,117</b>
– from discontinued operations	<b>(84)</b>	<b>(9,764)</b>
	<b>(84)</b>	<b>(5,647)</b>
	<b>11,538</b>	<b>(174,953)</b>

		Six months ended	
		30 June	
		2021	2020
Notes		HK\$'000	HK\$'000
			(Restated)
		(Unaudited)	(Unaudited)
<b>Total comprehensive income/(loss)</b>			
<b>for the period attributable to:</b>			
Owners of the Company			
	– from continuing operations	(55,559)	(182,642)
	– from discontinued operations	98,578	(2,815)
		<u>43,019</u>	<u>(185,457)</u>
Non-controlling interests			
	– from continuing operations	–	4,986
	– from discontinued operations	381	(13,346)
		<u>381</u>	<u>(8,360)</u>
		<u>43,400</u>	<u>(193,817)</u>
<b>Earning/(loss) per share attributable to owners</b>			
<b>of the Company:</b>			
	<b>From continuing and discontinued operations</b>		
	– Basic and diluted ( <i>HK cents</i> )	<u>0.56</u>	<u>(8.20)</u>
	<b>From continuing operations</b>		
	– Basic and diluted ( <i>HK cents</i> )	<u>(4.20)</u>	<u>(6.48)</u>
	<b>From discontinued operations</b>		
	– Basic and diluted ( <i>HK cents</i> )	<u>4.76</u>	<u>(1.73)</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
	Notes		
<b>Non-current assets</b>			
Fixed assets			
– Property, plant and equipment		38,056	80,982
Right-of-use assets		11,772	16,117
Construction in progress		–	5,554
Intangible assets		263,293	369,129
Goodwill		486,556	647,950
Financial assets at fair value through other comprehensive income		259,232	195,118
Deferred tax assets		2,269	2,747
		<u>1,061,178</u>	<u>1,317,597</u>
<b>Current assets</b>			
Inventories		18,300	140,596
Trade and bills receivables, prepayments and other receivables	11	248,344	184,878
Cash and cash equivalents		<u>171,910</u>	<u>31,117</u>
		<u>438,554</u>	<u>356,591</u>
<b>Current liabilities</b>			
Trade and bills payables and other payables	12	144,490	325,326
Contract liabilities		46,299	22,997
Lease liabilities		2,966	7,706
Current tax payable		778	2,268
Borrowings	13	<u>864,540</u>	<u>881,039</u>
		<u>1,059,073</u>	<u>1,239,336</u>
<b>Net current liabilities</b>		<u>(620,519)</u>	<u>(882,745)</u>
<b>Total assets less current liabilities</b>		<u>440,659</u>	<u>434,852</u>

	<b>30 June</b>	31 December
	<b>2021</b>	2020
<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current liabilities</b>		
Net defined benefits liabilities	<b>8,804</b>	9,023
Lease liabilities	<b>9,072</b>	9,039
Deferred tax liabilities	<b>84,003</b>	92,650
Convertible bonds	<b>107,366</b>	102,263
	<b>209,245</b>	212,975
<b>Net assets</b>	<b>231,414</b>	221,877
<b>Capital and reserves</b>		
Share capital	<b>20,636</b>	20,636
Reserves	<b>210,778</b>	167,600
Equity attributable to owners of the Company	<b>231,414</b>	188,236
Non-controlling interests	<b>–</b>	33,641
<b>Total equity</b>	<b>231,414</b>	221,877

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2021*

## 1. Basis of preparation

The unaudited interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Listing Rules. It was authorised for issue by the Board of Directors of the Company on 27 August 2021.

The unaudited interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of the unaudited interim financial statements is in conformity with HKAS 34 which requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

### Going concern assessment

As at 30 June 2021, the Group had net current liabilities of approximately HK\$620,519,000. In addition, the Group had outstanding borrowings of approximately HK\$864,540,000 which were due for repayment or renewal in the next twelve months after 30 June 2021. As at 30 June 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\$256,891,000 for the six months ended 30 June 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. Since 31 December 2020, the Group has received a conditional waiver letter from the bank for the bank borrowings with outstanding amounts of approximately HK\$256,891,000 as at 31 December 2020, of which the Group has failed to fulfil certain financial covenants as stated in the terms of the banking facilities. The waiver letter is conditional upon the satisfaction of, including but not limited to, continuous financial support to the automotive-grade wireless connectivity business for the year ending 31 December 2021 and re-negotiation/extension of several other debts of the Company which were overdue;
2. The Company has actively negotiated with lenders to secure the renewals of the Group's borrowings to meet its liabilities when fall due;
3. As at 31 March 2021, the Group has fully settled bank borrowings of approximately HK\$13,044,000 and other borrowings of approximately HK\$83,213,000 respectively;
4. On 19 March 2021, the Group signed a facility agreement to obtain financing facilities of approximately RMB250.0 million from fellow subsidiaries of Tus-Holdings Co., Limited ("Tus-Holdings");
5. On 18 May 2021, the Group entered into a loan agreement with a financial institution for a loan amounting to a maximum of HK\$230.0 million repayable in one year;
6. On 29 March 2021, the Group received a written confirmation 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 24 months from the date of approval of the consolidated financial statements for the year ended 31 December 2020. Such assistance to be received by the Group will not be secured by any assets of the Group;
7. The Group has been taking continuous measures to tighten cost controls over production costs and expenses with the aim of attaining profitable and positive cash flow operations;
8. The Company has actively negotiated with investors for the extension of convertible bonds and to obtain 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;
9. The Group may dispose non-core business and/or financial assets if required.



In the opinion of the directors of the Company, in light of the various measures or arrangements implemented, 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 interim 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 interim financial statements.

This interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2020 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial statements are unaudited, but have been reviewed by the audit committee of the Company.

## **2. Application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)**

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the Group’s condensed consolidated financial statements:

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

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### **3. Use of judgements and estimates**

In preparing these unaudited interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2020 annual financial statements.

### **4. 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 six months ended 30 June 2021, the Group disposed the research and development, production and sales of ADAS products and software algorithm products business segment. Upon such disposal, 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. Comparative information has been restated to conform with the current period's presentation.

The reportable segment of the Group under HKFRS 8 as continuing operations is as follows:

- (a) Automotive-grade wireless connectivity business – research and development and sales of automotive-grade wireless connectivity modules in Europe, the United States ("US") and Asia Pacific region.

The segment information report below does not include any amounts from the discontinued operations during the six months ended 30 June 2021 and 2020. For more detail of the discontinued operations, please refer to Note 15.

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

	<b>Continuing operation</b>	
	<b>Automotive-grade wireless connectivity business</b>	
	<b>six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
		(Restated)
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Segment revenue	<b>172,655</b>	195,334
Segment results	<b>(59,244)</b>	(68,248)
Unallocated corporate expenses	<b>(8,586)</b>	(26,165)
Unallocated corporate income	<b>2,796</b>	3,808
Finance costs	<b>(47,583)</b>	(47,144)
Loss on disposal of property, plant and equipment	<b>(35)</b>	–
Gain on disposal of subsidiaries	<b>30,429</b>	–
Allowance under expected credit loss model, net of reversal	<b>(2,194)</b>	(198)
Loss before taxation	<b>(84,417)</b>	(137,947)

Segment result represents the profit earned by or loss from the segment without allocation of unallocated corporate expense, unallocated corporate income, loss on disposal of property, plant and equipment, gain on disposal of subsidiaries, allowance under expected credit loss model, net of reversal and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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

## 5. Revenue

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

Revenue recognised during the period is analysed as follows:

	Six months ended	
	30 June	
	2021	2020
	HK\$'000	HK\$'000
		(Restated)
	(Unaudited)	(Unaudited)

### Continuing operations:

#### Revenue from contracts with customers

Recognised at a point in time:

Sales of automotive-grade wireless connectivity modules	<b>172,655</b>	195,334
---	----------------	---------

All revenue contracts are for period of one year or less. As permitted by practical expedient under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

## 6. Finance costs

	Six months ended	
	30 June	
	2021	2020
	HK\$'000	HK\$'000
		(Restated)
	(Unaudited)	(Unaudited)

### Continuing operations:

Interest expenses on bank loans	<b>3,498</b>	10,990
Interest expenses on other loans	<b>23,713</b>	5,151
Imputed interest expenses on lease liabilities	<b>260</b>	381
Imputed interest expenses on convertible bonds	<b>5,103</b>	12,622
Finance cost on redemption of convertible bonds	<b>15,009</b>	18,000
	<b>47,583</b>	47,144

## 7. Loss before taxation

Loss before taxation is arrived at after charging the following:

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
		(Restated)
	(Unaudited)	(Unaudited)
<b>Continuing operations:</b>		
Cost of inventories	139,451	171,023
Depreciation of property, plant and equipment and right-of-use assets	6,979	8,794
Amortisation of intangible assets	27,021	27,052
Gain on disposal of subsidiaries	30,429	–
	<u>30,429</u>	<u>–</u>

## 8. Taxation

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
		(Restated)
	(Unaudited)	(Unaudited)
<b>Continuing operations:</b>		
<b>Current tax:</b>		
(Over)/under provision in prior years (other than Hong Kong and PRC)	(33)	1,176
Expenses for the period	10,813	–
<b>Deferred tax:</b>		
Credit for the period	(8,619)	(9,570)
<b>Total income tax expenses/(credit) to profit or loss</b>	<u>2,161</u>	<u>(8,394)</u>

## **9. Dividends**

The directors of the Company do not recommend the payment of any interim dividends for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

## **10. Earning/(loss) per share**

### **(a) Basic earning/(loss) per share**

#### *Continuing and discontinued operations*

The calculation of basic earning/(loss) per share from continuing and discontinued operations for the six months ended 30 June 2021 is based on the profit for the period attributable to owners of the Company from continuing and discontinued operations of HK\$11,622,000 (six months ended 30 June 2020: loss of HK\$169,306,000) and the weighted average of 2,063,615,283 (30 June 2020: 2,063,615,283) ordinary shares in issue during the period.

#### *Continuing operations*

The calculation of the basic loss per share for the six months ended 30 June 2021 from continuing operations are based on the loss for the period attributable to ordinary equity holders of the Company from continuing operations of HK\$86,578,000 (six months ended 30 June 2020: HK\$133,670,000) and the weighted average number of ordinary shares of 2,063,615,283 (30 June 2020: 2,063,615,283) during the period.

#### *Discontinued operations*

The calculation of the basic earning per share for the six months ended 30 June 2021 from discontinued operations are based on profit for the period attributable to ordinary equity holders of the Company from discontinued operations of HK\$98,200,000 (six months ended 30 June 2020: loss of HK\$35,636,000) and the weighted average number of ordinary shares of 2,063,615,283 (30 June 2020: 2,063,615,283) during the period.

### **(b) Diluted earning/(loss) per share**

#### *Continuing and discontinued operations*

During the six months ended 30 June 2021 and 2020, the computation of diluted earning/(loss) per share does not assume the conversion of the Company's outstanding share options and outstanding convertible bonds since their assumed exercise would result in an increase/a decrease in earning/(loss) per share.

# **11. Trade and bills receivables, prepayments and other receivables**

	<b>30 June 2021 HK\$'000 (Unaudited)</b>	<b>31 December 2020 HK\$'000 (Audited)</b>
Trade receivables	<b>29,666</b>	80,264
Bills receivables	–	15,406
Deposits and prepayments	<b>47,753</b>	1,517
Other receivables	<b>170,925</b>	87,691
	<b>248,344</b>	<b>184,878</b>

## **Ageing analysis**

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

	<b>30 June 2021 HK\$'000 (Unaudited)</b>	<b>31 December 2020 HK\$'000 (Audited)</b>
Within 3 months	<b>27,312</b>	64,426
Over 3 months but less than 6 months	<b>2,328</b>	9,690
Over 6 months but less than 12 months	<b>10</b>	1,692
Over 12 months	<b>16</b>	4,456
	<b>29,666</b>	<b>80,264</b>

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

## 12. Trade and bills payables and other payables

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Trade payables ( <i>Note (a)</i> )	28,664	190,630
Bills payables ( <i>Note (b)</i> )	–	4,743
Other payables and accruals	115,826	129,953
	<u>144,490</u>	<u>325,326</u>

### (a) Ageing Analysis

The ageing analysis of trade payables is as follows:

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Within 3 months	25,577	70,327
Over 3 months but less than 6 months	3,077	109,552
Over 6 months but less than 12 months	10	4,478
Over 12 months	–	6,273
	<u>28,664</u>	<u>190,630</u>

- (b) As at 31 December 2020, bills payables were pledged with bills receivables amounting to approximately HK\$4,743,000.



### 13. Borrowings

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Bank borrowings	256,891	329,225
Other borrowings	607,649	551,814
	<b>864,540</b>	<b>881,039</b>
Secured	459,019	582,438
Unsecured	405,521	298,601
	<b>864,540</b>	<b>881,039</b>
Carrying amount repayable:		
On demand or within one year	864,540	881,039
Less: amounts classified as current liabilities	(864,540)	(881,039)
Non-current liabilities	—	—

### 14. Events after the reporting period

On 16 July 2021, the Directors resolved to propose to change the English name of the Company from “TUS International Limited” to “Titan Invo Technology Limited” and the dual foreign name in Chinese of the Company from “啟迪國際有限公司” to “泰坦智華科技有限公司” (the “Change of Company Name”) with several conditions to be satisfied. On 27 August 2021, an extraordinary general meeting (“EGM”) was held by the shareholders of the Company and the special resolution of the Change of Company Name was passed. As of the date of this announcement, the Change of Company Name has not yet been effective. The Directors are finalising the remaining conditions of the Change of Company Name and this is expected to be completed and become effective during the second half of 2021.

Subsequent to the end of the reporting period and up to 27 August 2021, save as disclosed herein, there were no significant events affecting the Group.

## **15. Discontinued operations**

The profit/(loss) for the six months ended 30 June 2021 and 2020 from discontinued operations (including 1) research and development, production and sales of ADAS products and software algorithm products business; 2) car-carried purifier business; 3) car trading and finance lease of motor vehicles and equipment business) is set out below. The comparative figures in the unaudited condensed consolidated statement of profit or loss and the unaudited condensed consolidated statement of comprehensive income have been restated to represent the discontinued businesses mentioned above as 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 7 January 2019, 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 businesses**

On 26 June 2020, a direct wholly owned subsidiary of the Company, Quan Tai Limited entered into a sale and purchase agreement to sell 51% of the equity interest in Optimus Financial Group Limited (“Optimus”) to Goldbond Group Holdings Limited (金榜集團控股有限公司) at a consideration of HK\$41.8 million. Optimus is principally engaged in the business segments of car trading and finance lease of motor vehicles and equipment.

The disposal was completed as of 30 June 2020 and the Group ceased the operation of finance lease of motor vehicles and equipment business. The Group’s car trading business was suspended in 2019. Details of which were set out in the announcement of the Company dated 26 June 2020.

The loss for the six months period ended 30 June 2020 from this discontinued operation is set out below. The condensed consolidated statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2020 have been restated to represent the finance lease of motor vehicles and equipment business as a discontinued operation.

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$’000</b>	<b>HK\$’000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit for the period	–	1,303
Loss on disposal	–	(23,852)
	<hr/>	<hr/>
Loss for the period from discontinued operation	<b>–</b>	<b>(22,549)</b>
	<hr/>	<hr/>
Attributable to:		
Owners of the Company	–	(23,187)
Non-controlling interests	–	638
	<hr/>	<hr/>
	<b>–</b>	<b>(22,549)</b>
	<hr/>	<hr/>

Analysis of the results of this discontinued operation of Optimus is set out below:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	–	10,040
Cost of sales	–	(9,060)
Gross profit	–	980
Other revenue	–	1,671
Selling and distribution expenses	–	(273)
Depreciation	–	(5)
Administrative expenses	–	(1,053)
Finance costs	–	–
Profit before taxation	–	1,320
Taxation	–	(17)
Profit for the period from discontinued operation	–	1,303
Profit for the period attributable to:		
Owners of the Company	–	665
Non-controlling interests	–	638
	–	1,303

Summary of the effects of the disposal of Optimus:

*HK\$'000*

Cash consideration received	41,800
-----------------------------	--------

**Analysis of assets and liabilities over which control was lost:**

Property, plant and equipment	3,302
Goodwill	3,379
Finance lease receivable	35,158
Deposits	12
Other receivables	44,911
Cash and cash equivalents	66,957
Other borrowings	(10,692)
Other payables and accruals	(20,159)

Net assets disposed of	122,868
------------------------	---------

**Loss on disposal of Optimus:**

Consideration received	41,800
<i>Less:</i> net assets disposal of	(122,868)
<i>Add:</i> non-controlling interests	67,832
<i>Less:</i> release of exchange reserve	(10,616)

Loss on disposal	(23,852)
------------------	----------

**Net cash outflow arising on disposal:**

Cash consideration received	41,800
<i>Less:</i> cash and cash equivalents balances disposal of	(66,957)

(25,157)

**(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.
- (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 Invo 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 profit/(loss) for the period from this discontinued operation is set out below. The comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income have been restated to represent the research and development, production and sales of ADAS products and software algorithm products businesses as a discontinued operation.

	<b>From 1 January 2021 to 10 June 2021 <i>HK\$'000</i> (Unaudited)</b>	<b>From 1 January 2020 to 30 June 2020 <i>HK\$'000</i> (Unaudited)</b>
Loss for the period	(152)	(22,837)
Gain on disposal	<u>98,268</u>	<u>–</u>
Profit/(loss) for the period from discontinued operation	<u><b>98,116</b></u>	<u><b>(22,837)</b></u>
Attributable to:		
Owners of the Company	98,200	(12,435)
Non-controlling interests	<u>(84)</u>	<u>(10,402)</u>
	<u><b>98,116</b></u>	<u><b>(22,837)</b></u>

Analysis of the results of the discontinued operation is set out below:

	<b>From 1 January 2021 to 10 June 2021 <i>HK\$'000</i> (Unaudited)</b>	<b>From 1 January 2020 to 30 June 2020 <i>HK\$'000</i> (Unaudited)</b>
Revenue	<b>187,161</b>	103,276
Cost of sales	<u><b>(164,598)</b></u>	<u>(99,982)</u>
Gross profit	<b>22,563</b>	3,294
Other revenue	<b>1,158</b>	1,348
Other gain and losses	<b>–</b>	30
Research and development expenses	<b>(2,003)</b>	(453)
Selling and distribution expenses	<b>(2,971)</b>	(3,413)
Depreciation	<b>(1,721)</b>	(2,780)
Amortisation	<b>(3,537)</b>	(1,142)
Administrative expenses	<b>(9,785)</b>	(16,202)
Allowance under expected credit loss model, net of reversal	<b>–</b>	(238)
Finance costs	<u><b>(3,856)</b></u>	<u>(3,281)</u>
Loss before taxation	<b>(152)</b>	(22,837)
Taxation	<u><b>–</b></u>	<u>–</u>
Loss for the period from discontinued operation	<u><b>(152)</b></u>	<u>(22,837)</u>
Loss for the period attributable to:		
Owners of the Company	<b>(68)</b>	(12,435)
Non-controlling interests	<u><b>(84)</b></u>	<u>(10,402)</u>
	<u><b>(152)</b></u>	<u>(22,837)</u>



Summary of the effects of the disposal:

HK\$'000

Cash consideration received	163,633
<b>Analysis of assets and liabilities over which control was lost:</b>	
Property, plant and equipment	33,493
Intangible assets	87,571
Right-of-use assets	515
Construction in progress	6,312
Financial assets at fair value through other comprehensive income	1,709
Goodwill	161,393
Inventories	161,461
Trade and bills receivable, prepayments and other receivables	70,967
Cash and cash equivalents	7,459
Other borrowings	(90,143)
Trade and other payables and accruals	(239,063)
Lease liabilities	(338)
Deferred tax liabilities	(81)
Net assets disposed of	201,255
<b>Gain on disposal:</b>	
Consideration received	163,633
Fair value of interest retained as financial assets at fair value through other comprehensive income	132,790
Less: net assets disposal of	(201,255)
Add: non-controlling interests	34,022
Less: release of exchange reserve	(30,922)
Gain on disposal	98,268
<b>Net cash inflow arising on disposal:</b>	
Cash consideration received	163,633
Less: cash and cash equivalents balances disposal of	(7,459)
	156,174

## 16. Disposal of subsidiaries

- (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 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.

Summary of the effects of the disposal of TUS Yunzhi Technology (Beijing) Limited:

	<i>HK\$'000</i>
Cash consideration received	—*
	<u>                    </u>
* <i>The amount is less than HK\$1,000</i>	
<b>Analysis of assets and liabilities over which control was lost:</b>	
Financial asset at fair value through other comprehensive income	62,499
Cash and cash equivalents	152
Borrowings	(53,793)
Other payables and accruals	(37,554)
	<u>                    </u>
Net liabilities disposed of	(28,696)
	<u>                    </u>
<b>Gain on disposal:</b>	
Consideration received	—*
Add: net liabilities disposed of	28,696
Add: release of exchange reserve	2,038
	<u>                    </u>
Gain on disposal	30,734
	<u>                    </u>
Net cash outflow arising on disposal:	
Cash consideration received	—*
Less: cash and cash equivalents balances disposed of	(152)
	<u>                    </u>
	(152)
	<u>                    </u>

\* *The amount is less than HK\$1,000*

- (b) During the six months ended 30 June 2021, the Group deregistered and dissolved numbers of wholly-owned subsidiaries of the Company. These subsidiaries are dormant. The loss on disposal of HK\$305,000 was recognised to the condensed consolidated statement of profit or loss during the period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

Following the disposal of the advanced driving assistance system (“ADAS”) business segment and certain financial assets during the Period, the Group devoted its full 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. 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 V2X communication schemes. As at 30 June 2021, the Group had a major research and development centre (in France) serving customers across Europe, United States and Asia.

As disclosed in the 2020 annual report of the Company (the “2020 Annual Report”), the Directors planned to implement 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 development, market expansion and strengthening on core advantages of its research and development capabilities.

The Group recorded a net profit attributable to the shareholders of the Company of approximately HK\$11.6 million (2020: net loss HK\$169.3 million). Apart from the aggregated one-off gain of approximately HK\$128.7 million recognised by the Group in respect of the disposals of the ADAS business and other subsidiaries during the Period, such significant improvement in financial results was also attributable to the successful corporate restructuring and tightened cost control measures implemented by the Directors which led to significant decrease in operating expenses in the business operations. 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 automobile in China increased by approximately 24.2% to approximately 12.6 million units and approximately 25.6% to approximately 12.9 million units during the Period, respectively, comparing to the corresponding period in 2020. Penetration rate of new energy vehicle in terms of sales volume in China reached 9.4% during the Period.

The global economy and the auto market expected a moderate recovery in year 2021 following the introduction of various vaccine in late 2020. However, the auto market, including the Group, faced numerous difficulties in supply-chain management during the Period. 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 Period 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 in the short-run.

### **Impact of The Pandemic**

In addition to temporary shortage of raw materials and supply chain management experienced by the Group and the industry during the Period, the further outbreak and spread of mutant strain of COVID-19 (“Pandemic”) around the globe in 2021 created continuous instability over the global economy. In view of such uncertainty, business sentiments in the Group’s major markets have been subdued during the Period and such situation is expected to continue.

As the Group’s businesses span across different countries and regions, rising geopolitical risks coupled with volatile financial markets worldwide also had an impact on the Group’s operations. In particular, there has been an increase in difficulties for the European businesses of the Group to further penetrate the Chinese intelligent connected vehicle market as originally expected.

## **Financial Review**

### ***Revenue and business segments***

During the Period, 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 of the corresponding period in 2020 were restated.

Automotive-grade wireless connectivity business is principally engaged in research and development and sale of tailor-made 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 business 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 (“EMS”), 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 leading car manufacturers. Major customers of the automotive-grade wireless connectivity segment comprise mainstream automakers in the Europe and blue-chip OEMs and tier-one suppliers in Korea, including Tesla Motors, Hyundai Mobis and Continental Automotive.

Revenue decreased by 11.6% to approximately HK\$172.7 million for the Period (2020: HK\$195.3 million). Gross profit increased by 36.6% to approximately HK\$33.2 million for the Period (2020: HK\$24.3 million). Gross profit margin was 19.2% for the Period (2020: 12.4%). Such an increase in gross profit margin was due to higher proportion of revenue recognised from high-end customer (which enjoyed a generally higher gross profit margins) as compared to the corresponding period in 2020.

### ***Other Revenue***

During the Period, other revenue of the Group decreased to approximately HK\$2.5 million (2020: HK\$18.1 million) which mainly included bank interest income, suppliers’ rebates and sundry income.

### ***Other Gain and Loss***

During the Period, the Group recognised net other gains of approximately HK\$28.9 million (2020: net other losses of HK\$4.4 million) which was primarily attributable to recognition of one-off gain of approximately HK\$30.7 million on disposal of a subsidiary in February 2021.

### ***Research and Development Expenses***

During the Period, research and development expenses, representing approximately 13.3% of the Group's revenue (2020: 23.5%), decreased by 50.1% to approximately HK\$22.9 million (2020: HK\$46.0 million). Such decrease was primarily resulted from continuous tightening of cost controls implemented by the Group to reorganize the research and development structure since the second half of 2020.

As of 30 June 2021, the Group has 35 research and development personnel and engineers (31 December 2020: 49 employees) involved in research and development for automotive-grade wireless connectivity business.

### ***Selling and distribution expenses***

During the Period, selling expenses and distribution expenses, representing approximately 1.9% of the Group's revenue (2020: 1.0%), increased by 71.8% to approximately HK\$3.3 million (2020: HK\$1.9 million).

### ***Depreciation and Amortisation***

During the Period, depreciation and amortisation decreased by 5.0% to approximately HK\$34.0 million (2020: HK\$35.8 million).

### ***Administrative Expenses***

During the Period, administrative expenses, representing approximately 22.5% of the Group's revenue (2020: 23.0%), decreased by 13.1% to approximately HK\$39.0 million (2020: HK\$44.9 million) which was primarily due to professional fees incurred for continuous corporate and operational restructuring activities carried out since the second half of 2020.

### ***Finance Costs***

During the Period, finance costs increased by 0.9% to approximately HK\$47.6 million (2020: HK\$47.1 million).

### ***Taxation***

The Group recorded a provision for current tax of approximately HK\$10.8 million (2020: HK\$Nil), a deferred tax credit of approximately HK\$8.6 million (2020: HK\$9.6 million) and underprovision of income tax expense in prior year of approximately HK\$Nil (2020: HK\$1.2 million). As a result, the Group recorded net income tax expenses of approximately HK\$2.2 million during the Period (2020 tax credit: HK\$8.4 million).

### ***Discontinued operations***

ADAS business is accounted as discontinued operations following its disposal during the Period. The comparative figures of the corresponding period in 2020 were restated.

During the period, net profit from discontinued operations of approximately HK\$98.1 million was recognised (2020: net loss of HK\$45.4 million). Such net profit was primarily attributable to recognition of an one-off gain of approximately HK\$98.3 million on disposal of the ADAS business.

### ***Net profit/(loss) attributable to shareholders***

As a result of the factors discussed above, the Group's net profit for the Period of approximately HK\$11.6 million (2020: loss: HK\$169.3 million).

### ***Basis earning/(loss) per Share***

The Group recorded basic earning per share of HK\$0.56 cents for the Period (2020: loss: HK\$8.20 cents).

## ***Future Plans and Prospectus***

On 16 July 2021, the Directors resolved to propose to change the English name of the Company from “TUS International Limited” to “Titan Invo Technology Limited” and the dual foreign name in Chinese of the Company from “啟迪國際有限公司” to “泰坦智華科技有限公司” (the “Change of Company Name”) subject to several conditions to be satisfied. On 27 August 2021, an extraordinary general meeting (“EGM”) was held by the shareholders of the Company and the special resolution of the Change of Company Name was passed. The Directors are finalising the remaining conditions of the Change of Company Name and this is expected to be completed and become effective during the second half of 2021.

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.

According to the statistical research conducted by S&P Global, global sales volume of automobile is expected to reach approximately 83.0 million units for the year ending 31 December 2021 while CAAM further expected that for China market, the yearly sales volume of automobile is expected to reach approximately 27.0 million units in 2021. Such expected volume in year 2021 is expected to reach the sales volume of automobile in year 2019.

In light of the global promotion of use of green energy in automobiles, the market further expects that the penetration rate of new energy vehicle in terms of sales volume in China and Europe will reach approximately 20% and 30%, respectively, by the year 2025.

The Directors are of the view that prioritising resources allocation of the Group on balancing among financial liquidity and business continuity will be of the best interest of the shareholders of the Company as a whole in the long run. In addition, the Group is implementing cautious measures to balance among its working capital requirement, product development and market expansion. 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 while not deteriorating valuable business opportunities.



Further, the Group will prioritise its resources on immediate penetration into China market through various possible business channels including but not limited to 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 professionals, etc. By successful implementation of the above strategies, the Directors expected the Group to capture a valuable market share in China with long term sales contracts and business development and ultimately create significant values to the shareholders of the Company.

***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 Period, the Group derecognised the financial asset of investments in 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 30 June 2021, investments of HK\$259.2 million were classified under FVTOCI (31 December 2020: HK\$195.1 million) and changes in fair value through OCI (net of exchange realignment) of HK\$5.4 million (2020: HK\$21.9 million) was recognised during the Period. Details of the investments are as follows:

At 30 June 2021							
Note	Percentage of equity interests held in the investee %	Percentage to the Group's total assets %	Fair value at 30 June 2021 HK\$' million	Fair value gain/(loss) (net of exchange realignment) during the Period HK\$' million	Addition during the Period HK\$' million	Disposal/ derecognition during the Period HK\$' million	Fair value at 31 December 2020 HK\$' million
Sino Partner	2.46	1.5	22.5	0.2	–	–	22.3
Tus Suzhou	14.0	6.9	103.4	(5.5)	–	–	108.9
National Innovation Center (1)	4.55	–	–	–	–	(61.7)	61.7
Suzhou Invo (2)	20.0	8.9	132.8	–	132.8	–	–
Others	–	–	0.5	–	–	(1.7)	2.2
Total			<u>259.2</u>	<u>(5.3)</u>	<u>132.8</u>	<u>(63.4)</u>	<u>195.1</u>

There is no significant change in key estimates, assumptions and valuation methodology of each financial asset at FVTOCI as at 30 June 2021 from those previously adopted as at 31 December 2020.

#### Note

- (1) This financial asset represents investments in 4.55% equity interest of National Innovation Center of Intelligent Connected Vehicles (the “National Innovation Center”). National Innovation Center and its subsidiaries are primarily engaged in development of technology, undertake research and development relevant to China to meet the needs of developing products and technical advisory services as well as providing consultation and testing services for China’s intelligent connected vehicle industry.

On 1 February 2021, a wholly owned subsidiary of the Company, Qidi 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 held this investment to TUS-Financial Group Limited\* (啟迪金控投資有限公司). For details, please refer to the announcements of the Company dated 1 February 2021 and 4 February 2021.

- (2) This financial asset represents investments in 20.0% equity interest of Suzhou Invo. Suzhou Invo and its subsidiaries are primarily engaged in research and development, production and sale of ADAS products in China.

Following the completion of the disposal of the Group's ADAS business in June 2021, the Group recognised the residual investment of 20.0% equity interest in Suzhou Invo as financial assets at FVTOCI at fair value on initial recognition. The fair value of initial recognition of this investment on 10 June 2021 was determined at income approach. The valuation was carried out by an independent professional valuer.

During the Period, the Group did not receive any dividend from this investment.

The Group intended to hold this investment as long term strategic investment and create synergy for the business operation of the Group.

## ***Goodwill***

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

	<b>30 June 2021</b>	<b>Impairment during the Period</b>	<b>Disposal during the Period</b>	<b>31 December 2020</b>
	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>
Camera-based ADAS CGU	–	–	(161.4)	161.4
Wireless Business Group CGU	486.5	–	–	486.5
	<u>486.5</u>	<u>–</u>	<u>(161.4)</u>	<u>647.9</u>
Total	<u>486.5</u>	<u>–</u>	<u>(161.4)</u>	<u>647.9</u>

### *Camera-based ADAS CGU*

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

### *Wireless Business Group CGU*

As mentioned above in the section headed “Business Review”, the temporary shortage of raw materials and supply chain management experienced by the Group and the industry during the Period 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 Period and such situation is expected to continue during the second half of 2021. As a result, the Group experienced delay in fulfilment of certain sales orders during the Period 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 give rise to an indicator that the value of the goodwill of the automotive-grade wireless connectivity CGU could be impaired.

Given the revenue and financial performance of this CGU for the Period is expected to be slightly less than the Original Financial Budget, the Directors performed an interim assessment to assess whether the Original Financial Budget remained appropriate as of 30 June 2021. Key due diligence work performed by the Directors include revisiting the short-term strategic plan of this CGU, assessing the sales order on hand and forecasting pipeline project progress with the expected market development in the medium and long run, etc., with the consideration of current statuses and expectations of projects passed through various project stages.

The Group has also engaged an independent external valuation firm to perform an impairment test for the goodwill of this CGU based on the interim assessment and revised financial budgets (“Revised Financial Budget”) performed by the Directors as of 30 June 2021, and determined that no impairment was resulted as of 30 June 2021.

As of 30 June 2021, the carrying amount and the recoverable amount of this CGU amounted to approximately HK\$187.5 million and HK\$173.2 million, respectively (31 December 2020: HK\$213.2 million and HK\$223.9 million). No impairment loss was recognised during the Period (2020: Nil).

## **Liquidity, Financial Resources, Capital Structure and Funding and Treasury Policy**

### ***Going Concern***

The Group recorded net current liabilities of approximately HK\$620.5 million as of 30 June 2021 (31 December 2020: net current liabilities of approximately HK\$882.7 million) which may have a considerable impact on the liquidity position of the Group.

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

During the Period, the Directors implemented the following strategies and certain liquidity measures to strengthen the Group's financial position as disclosed in the 2020 Annual Report:

#### *i) Continuous financial support from Shareholders*

The largest Shareholder, Tuspark Venture Investment Limited ("Tuspark Venture"), through its fellow subsidiaries (subsidiaries controlled by Tus-Holdings Co., Limited ("TUS Holdings")), provided continuous financial support to the Group during the Period, including but not limited to providing financial assistance such as unsecured loans (conducted on normal commercial terms or better) and assets security for the Group to obtain a facility line from a lender.

In addition, the Group entered into a loan agreement with certain subsidiaries of TUS Holdings for a credit facility of approximately RMB250.0 million. Pursuant to the said loan agreement, the lender(s) will provide available cash to the Group in respective dates as stipulated therein. Such financial assistance provided by the lender(s) constituted a connected transaction and was conducted on normal commercial terms or better. As at 30 June 2021 and date of this announcement, amount of unutilised credit facility from this agreement were approximately RMB210.0 million and RMB210.0 million, respectively.

As disclosed in the 2020 Annual Report, a written confirmation from Tuspark Venture in terms of financial support to the Group in the following 24 months on a going concern basis was received on 29 March 2021. Such assistance to be received by the Group will not be secured by any assets of the Group. Further, Tuspark Venture received a written confirmation dated 29 March 2021 from TUS Holdings, its holding company, that TUS Holdings will provide financial support to Tuspark Venture in the following 24 months.

*ii) Debt restructuring and active sourcing of financial resources*

In March 2021, the Group obtained formal waivers on strict compliance of certain financial covenants under the banking facilities (outstanding balance of approximately HK\$256.9 million as at 30 June 2021) until 15 July 2021 with several conditions subsequent to be satisfied. The Directors devoted their best endeavours to achieve the said requirements imposed by the bank while certain conditions had not been met up to date of this announcement.

As of the date of this announcement, the Group obtained written confirmation from the bank that the Group is not in default of the banking facilities as of the date of this announcement but the bank reserved the right for further assessment. The Directors will continue to try their best endeavours to continue the dialogue with the bank and repay the outstanding loans according to the terms and conditions stipulated in the banking facilities.

In addition, the Group is under advanced discussion with the bank for potential loan restructuring. The potential restructuring of the banking facilities may provide additional flexibilities to the Group to obtain further working capital financial resources from other financial institutions.

During the Period, the Directors secured a re-financing proposal of HK\$202.1 million from a lender to repay borrowings fell due and to provide additional working capital to the Group.

*iii) 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 Period.

With an aim to expedite the penetration of automotive-grade wireless connectivity business to China market, the Group reached a non-binding cooperation arrangement with a Chinese enterprise specialised in research and development to further negotiate on the business expansion in China. No binding arrangement had been entered as at the date of this announcement.

*iv) 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 Period, 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.

In view of the circumstances and conditions mentioned above, the Directors have given due consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. For the coming 12 months from the date of this announcement, the Directors are devoted to continuously implement the strategies as mentioned in the 2020 Annual Report to improve the business operations and liquidity of the Group.

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

Notwithstanding the above, shareholders of the Company 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 30 June 2021 decreased by approximately 1.2% to approximately HK\$971.9 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 during the Period (for details, please refer to the section headed "Material Disposals"). In addition, cash and bank balances as at 30 June 2021 increased by 452.6% to approximately HK\$171.9 million (31 December 2020: HK\$31.1 million). Such increase was due to net proceeds received from the disposal of the ADAS business during the Period. As such, the net borrowings decreased by 16.0% to approximately HK\$800.0 million (31 December 2020: HK\$952.2 million).

### ***Structure of Interest-Bearing Borrowings***

The Group's short-term borrowings decreased to approximately HK\$864.5 million as at 30 June 2021 (31 December 2020: HK\$881.0 million).

Short-term borrowings include bank loans in an aggregate principal amount of approximately HK\$256.9 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\$607.6 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\$242.0 million were overdue and repayable on demand as of 30 June 2021 (31 December 2020: HK\$232.1 million). As at the date of this announcement, no immediate demand for repayment was requested by the lenders. The short-term borrowings were primarily used to finance short-term cash flows for the operations of the Group.



All bank loans were denominated in US Dollar as of 30 June 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 HK\$8.7 million, HK\$435.4 million and HK\$163.5 million were denominated in US Dollar, Hong Kong Dollar and Renminbi, respectively, as of 30 June 2021 (31 December 2020: approximately HK\$8.7 million, HK\$486.5 million and HK\$56.6 million, respectively).

As of 30 June 2021, the Group had convertible bonds with carrying amount of approximately HK\$107.4 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 Period was approximately 17 days (31 December 2020: 49 days). Trade payable turnover days and inventory turnover days for the Period were approximately 24 days and 38 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 Period, 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 Period. The Directors are under negotiation with the supplier to review on the credit period in the second half of 2021. 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 30 June 2021 increased to approximately 0.41 (31 December 2020: 0.29) and 0.40 (31 December 2020: 0.18) respectively. Such decrease was primarily due to net operating cash outflow for the Period. Gearing ratio was derived from total debts (i.e. total of borrowings and convertible bonds) to total equity and total debts was approximately 0.81 (31 December 2020: 0.79).

### ***Charge of Assets***

As at 30 June 2021, bills receivable amounting to approximately HK\$Nil (31 December 2020: HK\$4.0 million).

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

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

Save as disclosed above, the Group had no other significant pledge of assets as at 30 June 2021.

### ***Contingent Liabilities***

As at 30 June 2021, the Group did not have any material contingent liabilities (31 December 2020: nil).

### ***Material Disposals***

During the Period, 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 Period.

### ***Connected Transactions***

- (i) During the Period, 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 Period, 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 Period.

### ***Foreign Exchange Exposure***

The Group mainly operates in Europe, the PRC, the US and the Asia-Pacific region with all of the revenue denominated in Korean Won, Euro and US dollar. During the Period, the Group did not carry out any hedging activity against foreign currency risk (2020: nil). Any substantial exchange rate fluctuation of foreign currencies against Renminbi, Korean Won, Euro and US dollar may have a financial impact on the Group’s operations.

### ***Employees and Remuneration Policy***

As at 30 June 2021, the Group employed 69 staff in Europe, the PRC, the US, the Asia-Pacific region and Hong Kong (31 December 2020: 88 (excluding the employees in discontinued operations)). Remuneration of these employees including Directors’ emoluments was approximately HK\$28.9 million for the Period (2020: HK\$61.1 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 Directors and depend upon the performance of the Group.

### ***Events after the Reporting Period***

On 16 July 2021, the Directors resolved to propose to change the English name of the Company from “TUS International Limited” to “Titan Invo Technology Limited” and the dual foreign name in Chinese of the Company from “啟迪國際有限公司” to “泰坦智華科技有限公司” (the “Change of Company Name”), subject to several conditions to be satisfied. On 27 August 2021, an extraordinary general meeting (“EGM”) was held by the shareholders of the Company and the special resolution of the Change of Company Name was passed. As of the date of this announcement, the Change of Company Name has not yet been effective. The Directors are finalising the remaining conditions of the Change of Company Name and this is expected to be completed and become effective during the second half of 2021. Please refer to the announcements of the Company dated 16 July 2021 and 27 August 2021 and the circular of the Company dated 28 July 2021 for further details of the Change of Company Name.

Saved as disclosed above, there were no other significant events after the Period up to the date of this announcement.

### **INTERIM DIVIDEND**

The Board did not recommend the payment of an interim dividend for the Period.

### **PERMITTED INDEMNITY OF DIRECTORS**

Pursuant to the articles of association of the Company, every director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, and no director or other officer shall be liable for any loss, damages or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. The Company has arranged appropriate Directors’ and officers’ liability insurance coverage for the Directors and officers of the Company during the Period.

### **MANAGEMENT CONTRACTS**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company, which were not contract of service with any Director or any person engaged in full time employment of the Company, were entered into or existed during the Period.

## **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

None of the Directors are interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

## **DIRECTORS' INTERESTS IN CONTRACTS**

No contract of significance to which the Company or any of its subsidiaries was a party, and in which a Director had material interest, whether directly or indirectly, subsisted at the end of the Period or any time during the Period.

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

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **PRE-EMPTIVE RIGHTS**

There is no provision for pre-emptive rights under the Company's articles of association although there are no restrictions against such rights under the laws in the Cayman Islands.

## **CHANGES IN INFORMATION OF DIRECTORS**

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes to information of Directors subsequent to the date of the 2020 Annual Report are set out below:

1. Mr. Hu Bo was appointed as the director of Tuspark Venture, a substantial shareholder of the Company, on 25 May 2021.
2. Dr. Koong Hing Yeung Victor was appointed as a member of the Seventh Session of the Shenzhen Municipal Committee of Chinese People's Political Consultative Conference ("CPPCC") and ceased to be a member of the Fourteenth Session of the Nanjing Municipal Committee of the CPPCC during the Period.

Saved as disclosed above, the Company is not aware of other changes in the Directors' information which are required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

## **CORPORATE GOVERNANCE CODE**

Save as mentioned below, the Company has complied with all of the code provisions (and the revised code provision on risk management) of the Corporate Governance Code and Corporate Governance Report ("CG Code") as set out in Appendix 14 of the Listing Rules during the Period.

### **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 the chairman of the Company on 15 July 2016, while the role of the chief executive officer has been performed collectively by all executive Directors. Mr. Ma Chi Kong Karl was 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**

The Company has adopted a code of conduct regarding Directors' transactions in securities of the Company (the "Company's Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules. After specific enquiry made by the Company, all of the Directors confirmed that they have complied with the required standard set out in the Model Code and the Company's Code during the Period.

## **AUDIT COMMITTEE AND REVIEW OF INTERIM FINANCIAL RESULTS**

The interim results of the Group for the Period have not been audited, but have been reviewed by the Audit Committee. The Audit Committee has also reviewed the interim financial results and has provided advice and comments thereon to the Board. The Audit Committee is of the opinion that the interim financial results has complied with applicable accounting standards, the Listing Rules, and that adequate disclosures have been made.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.tus-i.com](http://www.tus-i.com) under “Investors – Announcements and Circulars”.

The 2021 interim report of the Company will be despatched to the shareholders of the Company and will be available for viewing on the aforesaid websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 27 August 2021

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