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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)

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
THE DISPOSAL OF 51% EQUITY INTEREST IN
SUZHOU YADU CLOUD TECHNOLOGY CO. LIMITED**

THE DISPOSAL

On 12 April 2019, the Vendor (a wholly-owned subsidiary of the Company), the Purchaser and the Target Company entered into the Disposal Agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, 51% of the equity interest of the Target Company at the Consideration of RMB40.8 million (equivalent to approximately HK\$46.1 million).

As at the date of this announcement, the Target Company is owned as to 51% by the Vendor and 49% by the Purchaser and is a non-wholly owned subsidiary of the Group. Pursuant to the Disposal Agreement, with effect from the date of Completion, the Target Company will cease to be a subsidiary of the Company and the assets and liabilities and results of operation of the Target Company would no longer be consolidated into the consolidated financial statements of the Company.

The Target Company 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.

LISTING RULES IMPLICATIONS

As one or more of applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% and all of them are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Vendor is held as to approximately 27.2% by Tus-Technology City, 4.9% by each of Suzhou Ziguang and 21.3% by Madam Mi. As at the date of this announcement, (i) Tuspark Venture is a substantial shareholder of the Company holding 452,519,805 Shares (representing approximately 22.69% of the total issued share capital of the Company) and is a wholly-owned subsidiary of Tus-Holdings, and (ii) Tus-Technology City and Suzhou Ziguang, each being a subsidiary of Tus-Holdings, together hold approximately 32.1% of the Vendor. Accordingly, the Vendor is an associate of Tuspark Venture and Tus-Holdings, and is a connected person of the Company under Chapter 14A of the Listing Rules, and the transaction contemplated under the Disposal Agreement constitutes a connected transaction of the Company and is subject to the reporting, announcement, circular, and Independent Shareholders' Approval requirements under Chapter 14A of the Listing Rules.

To the best of the Directors' information, knowledge and belief, after having made all reasonable enquiries, save for Tuspark Venture, Tus-Holdings, Mr. Ma and their respective associates, no Shareholder is required to abstain from voting on the resolutions approving the Disposal Agreement and the transactions contemplated thereunder at the EGM.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders on the Disposal Agreement and the transactions contemplated thereunder. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Disposal Agreement and the transactions contemplated thereunder.

THE EGM

An EGM will be convened and held for the purpose of considering and, if thought fit, approving the resolution(s) in respect of the Disposal Agreement and the transactions contemplated thereunder.

GENERAL

A circular containing, among other things, (i) further details of the Disposal Agreement and the transactions contemplated thereunder, (ii) the recommendation of the Independent Board Committee in respect of the Disposal Agreement and the transactions contemplated thereunder, and (iii) a letter from Gram Capital to the Independent Board Committee and the Independent Shareholders containing its advice on the Disposal Agreement and the transactions contemplated thereunder, together with a notice of the EGM and a form of proxy, is expected to be despatched to the Shareholders on or before 31 May 2019 as additional time is required to prepare the information to be included in the circular.

Completion of the Disposal is subject to the fulfillment and/or (if applicable) waiver of the conditions precedent set out in the Disposal Agreement and may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and other securities of the Company.

Reference is made to the announcement of the Company dated 7 January 2019 in relation to the MOU. The Board is pleased to announce that, on 12 April 2019, the Vendor (a wholly-owned subsidiary of the Company), the Purchaser and the Target Company entered into the Disposal Agreement, the terms of which are briefly set out below:

THE DISPOSAL AGREEMENT

Date

12 April 2019

Parties

(i) the Vendor;

(ii) the Purchaser; and

(iii) the Target Company

(collectively, the “**Parties**”, and each a “**Party**”).

Subject Matter

Pursuant to the Disposal Agreement, the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, 51% of the equity interest of the Target Company at the Consideration of RMB40.8 million (equivalent to approximately HK\$46.1 million). Details of the Target Company are set out in the section under “Information on the Target Company” below.

Consideration

The Consideration payable by the Purchaser for the Disposal amounts to RMB40.8 million (equivalent to approximately HK\$46.1 million) and shall be settled by the Purchaser in the following manner:

- (a) RMB5 million shall be satisfied by the Target Company agreeing to waive and extinguish the Loan owing by the Vendor to the Target Company (the “**Waiver**”); and upon the Waiver, all obligations of the Vendor under the Loan shall be extinguished and the Target Company shall not have any rights under the Loan; and
- (b) the remaining balance of the Consideration (the “**Remaining Consideration**”) in the sum of RMB35.8 million shall be paid by the Purchaser to the Vendor in cash within 12 months from the date of the Disposal Agreement (the “**Relevant Period**”). During the Relevant Period, interest at the rate of 4% per annum shall accrue based on any unpaid balance of the Remaining Consideration. If the Purchaser fails to settle the Remaining Consideration in full within the Relevant Period, the Purchaser may elect to extend the payment term for 12 months upon expiration of the Relevant Period (the “**Extension Period**”). During such Extension Period, interest at the rate of 8% per annum shall accrue based on the unpaid amount of the Consideration and shall be payable by the Purchaser to the Vendor.

Basis of determination of the Consideration

The Consideration was determined after arm's length negotiations between the parties to the Disposal Agreement with reference to, among other things, (i) the audited net asset value of the Target Group in the amount of approximately HK\$86.3 million as at 31 December 2018, (ii) the registered capital in the Target Company contributed by the Vendor in proportion to its 51% equity interest in the Target Company (which amounts to RMB40.8 million); (iii) loss-making situation in relation to the Target Group; (iv) the reasons and benefits as set out in the paragraph headed "Reasons for and benefits of the Disposal" below.

Conditions precedent

Save for the settlement of the Consideration, Completion is conditional upon fulfillment or waiver (as applicable) of the following conditions precedent:

- (a) the Vendor and the Company having obtained all requisite approvals and consents in respect of the Disposal pursuant to the laws in Hong Kong and China, and the Listing Rules; and
- (b) the Purchaser having obtained all requisite approvals and consents in respect of the Disposal.

Save for item (b) above, the other condition precedent may be waived if agreed by the Parties.

The Disposal

Pursuant to the Disposal Agreement, with effect from the date of Completion:

- (a) the Target Company shall cease to be a subsidiary of the Company, and the assets and liabilities and results of operation of the Target Company shall no longer be consolidated into the consolidated financial statements of the Company; and
- (b) all profit or loss from the operation of the Target Company shall be borne by the Purchaser.

Pursuant to the Disposal Agreement, the Vendor undertakes that the net asset value of the Target Company at Completion shall be not less than RMB80,000,000.

As at the date of this announcement, the Target Company is owned as to 51% by the Vendor and 49% by the Purchaser. Pursuant to the Disposal Agreement, upon completion of the Disposal, the Vendor shall hold the entire equity interest of the Target Company.

Pursuant to the Disposal Agreement, filing in relation to the change in the shareholding in the Target Company with the relevant industry and commerce administration authorities (the “**Filing**”) shall not take place prior to the settlement of the entire amount of Consideration and all accrued interest by the Purchaser. Within 10 days after the settlement of the Consideration and all accrued interest in full, the Target Company shall commence a shareholder’s meeting to pass the relevant resolutions, and the Target Company shall apply for the Filing with the relevant authorities within 5 days thereafter. The date on which the Filing is completed shall be regarded as the date of Completion.

INFORMATION ON THE TARGET COMPANY

The Target Company 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.

Certain financial information of the Target Company based on the audited accounts of the Target Company for the two years ended 31 December 2017 and 2018 which were prepared based on Hong Kong Financial Reporting Standards is set out below:

	For the year ended	
	31 December	
	2017	2018
	(audited)	(audited)
	<i>HK\$</i>	<i>HK\$</i>
Net loss before taxation	563,698	4,181,000
Net loss after taxation	768,474	4,181,000
		As at
		31 December
		2018
		(audited)
		<i>HK\$ million</i>
Net asset value		86.3

REASONS FOR AND BENEFITS OF THE DISPOSAL

As specified in the Company's 2018 interim report and 2018 annual results announcement dated 28 March 2019, the revenue of the Company for the year ended 31 December 2017 and 2018 were RMB5.2 million and nil respectively. The Target Company recorded loss after taxation for the years ended 31 December 2017 and 2018 of approximately HK\$0.8 million and HK\$4.2 million respectively.

Having considered the business strategies of the Group and the unsatisfactory business performance of the Target Company as well as the growth potential of the Target Company, the Company has decided to adjust its strategy in the car-carried purifiers business and the Target Company. The Company considers that the Disposal provides an opportunity for the Company to exit at acceptable terms and recoup investments in the Target Company, and will enable the Group to focus on other existing lines of businesses.

In view of the above, the Directors (excluding all the independent non-executive Directors of the Company, who will give their opinion after considering the recommendation from the Independent Financial Adviser) consider that the Disposal is made on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Each of Mr. Ma and Mr. Du has abstained from voting on (and has not been counted in the quorum for) the relevant Board resolutions for approving the Disposal Agreement and the transactions contemplated thereunder by virtue of (i) Mr. Ma's position as a director of Tus-Holdings, (ii) Madam Mi (being Mr. Ma's spouse)'s interest in the Vendor, and (ii) Mr. Du's position as the vice president of Tus-Holdings and a director of Tuspark Venture. Save for Mr. Ma and Mr. Du, none of the Directors is regarded as having a material interest in, and therefore none of them is required to abstain from voting on, the relevant Board resolutions for approving the Disposal Agreement and the transactions contemplated thereunder.

FINANCIAL EFFECTS OF THE DISPOSAL

As at the date of this announcement, the Target Company is owned as to 51% by the Vendor and 49% by the Purchaser. As at the date of this announcement, the Target Company is a non-wholly owned subsidiary of the Group. Pursuant to the Disposal Agreement, with effect from the date of Completion, the Target Company will cease to be a subsidiary of the Company and the assets and liabilities and results of operation of the Target Company would no longer be consolidated into the consolidated financial statements of the Company.

The Group is expected to record a net gain (after deducting the relevant taxes and expenses) of approximately HK\$2.1 million as a result of the Disposal, which represents the difference between the Consideration and the attributable portion of the audited net asset value of the Target Company as at 31 December 2018. The actual gain or loss in connection with the Possible Disposal will be assessed after Completion and is subject to audit.

INTENDED USE OF PROCEEDS

The Directors expect that the net proceeds from the Disposal of approximately HK\$40.5 million will be used by the Company for funding business development opportunities and general working capital needs of the Company.

INFORMATION ON THE OTHER PARTIES

Information on the Vendor

The Vendor is a company established in the PRC with limited liability, which is an investment holding company and a wholly-owned subsidiary of the Company.

Information on the Purchaser

The Purchaser is a company established in the PRC with limited liability, which is principally engaged in research and development and sales of environmental friendly related products or services. To the best of the Director's knowledge, information and belief having made all reasonable enquiries, the Purchaser is held as to approximately 27.2% by Tus-Technology City, 21.3% by Madam Mi, 21.3% by Madam Ma, 20.4% by Beijing Baijun, 4.9% by Suzhou Ziguang and 4.9% by Beijing Qidi Huide.

INFORMATION ON THE GROUP

The Company is incorporated in the Cayman Islands with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 00872). The Group is a leading solutions provider of advanced driving assistance system (ADAS) and autonomous driving cloud control in the PRC. It also operates automobile-related services including financial leasing of vehicles and related equipment.

LISTING RULES IMPLICATIONS

As one or more of applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% and all of them are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Vendor is held as to approximately 27.2% by Tus-Technology City, 4.9% by each of Suzhou Ziguang and 21.3% by Madam Mi. As at the date of this announcement, (i) Tuspark Venture is a substantial shareholder of the Company holding 452,519,805 Shares (representing approximately 22.69% of the total issued share capital of the Company) and is a wholly-owned subsidiary of Tus-Holdings, and (ii) Tus-Technology City and Suzhou Ziguang, each being a subsidiary of Tus-Holdings, together hold approximately 32.1% of the Vendor. Accordingly, the Vendor is an associate of Tuspark Venture and Tus-Holdings, and is a connected person of the Company under Chapter 14A of the Listing Rules, and the transaction contemplated under the Disposal Agreement constitutes a connected transaction of the Company and is subject to the reporting, announcement, circular, and Independent Shareholders' Approval requirements under Chapter 14A of the Listing Rules.

To the best of the Directors' information, knowledge and belief, after having made all reasonable enquiries, save for Tuspark Venture, Tus-Holdings, Mr. Ma and their respective associates, no Shareholder is required to abstain from voting on the resolutions approving the Disposal Agreement and the transactions contemplated thereunder at the EGM.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders on the Disposal Agreement and the transactions contemplated thereunder. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Disposal Agreement and the transactions contemplated thereunder.

THE EGM

An EGM will be convened and held for the purpose of considering and, if thought fit, approving the resolution(s) in respect of the Disposal Agreement and the transactions contemplated thereunder.

GENERAL

A circular containing, among other things, (i) further details of the Disposal Agreement and the transactions contemplated thereunder, (ii) the recommendation of the Independent Board Committee in respect of the Disposal Agreement and the transactions contemplated thereunder, and (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its advice on the Disposal Agreement and the transactions contemplated thereunder, together with a notice of the EGM and a form of proxy, is expected to be despatched to the Shareholders on or before 31 May 2019 as additional time is required to prepare the information to be included in the circular.

Completion of the Disposal is subject to the fulfillment and/or (if applicable) waiver of the conditions precedent set out in the Disposal Agreement and may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

Unless the context otherwise requires, the following terms shall have the meanings set out below:

“Beijing Baijun”	Beijing Baijun Investment Company Limited* (北京百駿投資有限公司), a company established in the PRC with limited liability, and as of the date of this announcement is held as to 100% by Mr. Wang, and holds 30.08% of Tus-Holdings
“Beijing Qidi Huide”	Beijing Qidi Huide Venture Investment Co., Ltd.* (北京啟迪匯德創業投資有限公司), a company established in the PRC with limited liability
“Board”	the board of Directors

“Company”	TUS International Limited (啟迪國際有限公司) , a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 00872)
“Completion”	completion of the sale and purchase of 51% equity interest of the Target Company pursuant to and in accordance with the Disposal Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the 51% equity interest under the Disposal Agreement, being the sum of RMB40.8 million (equivalent to approximately HK\$46.1 million)
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the 51% equity interest in the Target Company as contemplated under the Disposal Agreement
“Disposal Agreement”	the agreement dated 12 April 2019 entered into between the Vendor, the Purchaser and the Target Company in relation to the Disposal
“EGM”	an extraordinary general meeting of the Company to be convened to consider and, if thought fit, to approve the ordinary resolution(s) in respect of the Disposal
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors which has been established to advise the Independent Shareholders in relation to the Disposal Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Disposal Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than (i) Tuspark Venture; (ii) Tus-Holdings, (iii) Mr. Ma; and (iv) any Shareholder who is involved in or interested in in the Disposal Agreement and the transactions contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan made available to the Vendor by the Target Company on 21 March 2018, being the amount of RMB5 million (equivalent to approximately HK\$5.7 million)

“Madam Ma”	Madam Ma Xiaoming, the spouse of Mr. Wang
“Madam Mi”	Madam Mi Ying, the spouse of Mr. Ma
“MOU”	the memorandum of understanding dated 3 January 2019 entered into between the Vendor and the Purchaser in relation to the Disposal
“Mr. Du”	Mr. Du Peng, the Vice-Chairman of the Board and an executive Director
“Mr. Ma”	Mr. Ma Chi Kong Karl, the Chairman of the Board and an executive Director
“Mr. Wang”	Mr. Wang Jiwu
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Yadu Technology Group Co., Ltd.* (亞都科技集團有限公司), a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Suzhou Ziguang”	Suzhou Ziguang Innovative Education Development Co., Ltd.* (蘇州紫光創新教育發展有限公司), a company established in the PRC with limited liability and an indirect non wholly-owned subsidiary of Tus-Holdings
“Target Company”	Suzhou Yadu Cloud Technology Co. Limited* (蘇州亞都雲科技有限公司), a company incorporated in the PRC with limited liability, which is held as to 51% by the Vendor and 49% by the Purchaser as at the date of this announcement
“Tus-Holdings”	Tus-Holdings Co., Ltd.* (啟迪控股股份有限公司), a company established in the PRC with limited liability and the immediate holding company of Tuspark Venture, holding the entire issued share capital of Tuspark Venture
“Tus-Technology City”	Tus-Technology City Group Co., Ltd.* (啟迪科技城集團有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of Tus-Holdings
“Tuspark Venture”	Tuspark Venture Investment Ltd. (啟迪創投有限公司), a company incorporated in the British Virgin Islands with limited liability and a substantial shareholder of the Company
“Vendor”	Suzhou Qiyixin Enterprise Management Co., Ltd.* (蘇州企億信企業管理有限公司), a company established in the PRC with limited liability
“%”	per cent.

In this announcement, for illustration purposes only, RMB has been converted into HK\$ at the rate of RMB1.00: HK\$1.13. No representation is made that any amounts of RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rate or at all.

** The English transliteration of the Chinese name(s) in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

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

Hong Kong, 12 April 2019

As at the date of this announcement, the Board comprises Mr. Ma Chi Kong Karl (Chairman), Mr. Du Peng and Mr. Shen Xiao who are executive Directors, Mr. Tsang Ling Biu, Gilbert and Mr. Qin Zhiguang who are non-executive Directors, and Hon. Quat Elizabeth (JP), Mr. Poon Chiu Kwok and Mr. Wong Yuk Lun, Alan who are independent non-executive Directors.