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If you have sold or transferred all your shares in TUS International Limited, you should at once hand this circular together with the enclosed form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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

**Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders
in relation to the Disposal**



Gram Capital Limited
嘉林資本有限公司

Capitalised terms used on this cover shall have the same meanings as those defined in the section headed “Definitions” in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 6 to 17 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in relation to the Disposal is set out on pages 18 to 19 of this circular. A letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in relation to the Disposal is set out on pages 20 to 30 of this circular.

A notice convening the EGM of TUS International Limited to be held at Regus Conference Centre, 35/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Wednesday, 26 June 2019 at 10:00 a.m. is set out on pages EGM-1 to EGM-4 of this circular. A form of proxy for use by the Shareholders at the EGM is also enclosed. Such form of proxy is also published on the respective websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.tus-i.com). Whether or not you are able to attend and vote at the EGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish and in such event, the form of proxy shall be deemed to be revoked.

10 June 2019

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DEFINITIONS

In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:

“April Announcement”	the announcement of the Company dated 12 April 2019 in relation to, among other things, the Disposal
“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 Latest Practicable Date was held as to 100% by Mr. Wang, and held 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

DEFINITIONS

“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 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 was 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 the Disposal Agreement and the transactions contemplated thereunder
“Latest Practicable Date”	3 June 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	an inter-company 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), as part of the cash flow management arrangement of the Group
“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) (formerly known as Suzhou Yadu Environmental Protection Technology Co., Limited (蘇州亞都環保科技有限公司)), 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)

DEFINITIONS

“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 was held as to 51% by the Vendor and 49% by the Purchaser as at the Latest Practicable Date
“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, which held the entire issued share capital of Tuspark Venture as at the Latest Practicable Date
“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 and a wholly-owned subsidiary of the Company

DEFINITIONS

“0% Convertible Bond due 2023”	the HK\$53,700,000 0% coupon convertible bond due 2023 issued by the Company on 21 June 2018
“6% Convertible Bond due 2019”	the HK\$300,000,000 6% coupon convertible bond due 2019 issued by the Company on 9 June 2017
“%”	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 circular, where indicated, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Ma Chi Kong Karl (*Chairman*)

Mr. Du Peng

Mr. Shen Xiao

Non-executive Directors:

Mr. Tsang Ling Biu, Gilbert

Mr. Qin Zhiguang

Mr. Hu Bo

Independent non-executive Directors:

Hon. Quat Elizabeth (*JP*)

Mr. Poon Chiu Kwok

Mr. Wong Yuk Lun, Alan

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head office and principal place of
business in the PRC:*

Room KJ02-07, 2nd Floor

Qidi Ke Jian Building

Building No. 6

No. 1 Zhongguancun East Road

Haidian District, Beijing, PRC

Principal place of business in

Hong Kong:

Unit 416, Level 4, Core F, Cyberport 3,

100 Cyberport Road, Hong Kong

10 June 2019

To the Shareholders

Dear Sir or Madam,

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

1. INTRODUCTION

Reference is made to the announcement of the Company dated 3 January 2019 and the April Announcement in relation to 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).

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among others, (i) further information on the Disposal; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Disposal; (iii) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in respect of the Disposal; (iv) other information as required under the Listing Rules; and (v) the notice of the EGM.

2. 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

LETTER FROM THE BOARD

- (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.

The deferred payment arrangement was requested by the Purchaser and was agreed to by the Vendor as a result of arm’s length negotiations by the Parties after taking into consideration, among other things, (i) interest payable by the Purchaser to the Vendor for the outstanding Remaining Consideration as mentioned above; (ii) the Filing (as defined below) in relation to the change in the shareholding in the Target Company shall not take place prior to the settlement of the Consideration and all accrued interest, being a protective measure for the Group; (iii) the current market sentiment of the car purifier business and results of the Target Company; and (iv) other terms and conditions of the Disposal (including the Consideration) as a whole. In view of the above, the Directors consider that the deferred payment arrangement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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 Company 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 Company; and (iv) the reasons and benefits as set out in the paragraph headed “Reasons for and benefits of the Disposal” below.

LETTER FROM THE BOARD

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 Latest Practicable Date, the Target Company was 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.

LETTER FROM THE BOARD

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.

3. 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.

The Group made capital contribution of RMB40,800,000 in the Target Company pursuant to an capital increase and subscription agreement dated 30 June 2016 entered into by and among Fair Glory Limited (being an indirect wholly-owned subsidiary of the Company), the Purchaser and the Target Company (the “**Capital Increase and Subscription Agreement**”). However, as at the Latest Practicable Date, the Group had not made available the shareholders’ loan of RMB15,000,000 to the Target Company pursuant to the Capital Increase and Subscription Agreement.

To the best of the Directors’ information, knowledge and belief, after having made all reasonable enquiries, the Target Company was a wholly-owned subsidiary of the Purchaser at the time of incorporation in January 2016. Immediately after completion of the Capital Increase and Subscription Agreement in June 2017 and as at the Latest Practicable Date, the Target Company was held as to 51% by the Vendor and 49% by the Purchaser.

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

LETTER FROM THE BOARD

A breakdown of the assets and liabilities of the Target Company is set forth below:

	As at 31 December 2018 (audited) <i>HK\$ million</i>
Intangible assets	34.5
Long term deposit	45.5
Current assets	6.3
Current liabilities	–
Net assets	86.3

The Target Company commenced its car purifier business in June 2017. Although the Target Company started to generate revenue in the second half of 2017 and recorded revenue of HK\$5.9 million and gross profit of HK\$0.9 million for the year ended 31 December 2017, as Beijing has introduced effective haze control measures and achieved significant improvement on record in air quality in year 2017, the sales of the car-carried purifiers were lower than expected. Taking into account its operating expenses and amortization of intangible assets which amounted to HK\$1.67 million in aggregate, the Target Company recorded a net loss of approximately HK\$0.77 million for the year ended 31 December 2017. Further, as the haze control measures in Beijing were more effective than expected, there was a sharp decline in market demand for car-carried purifiers in year 2018. Accordingly, the Target Company did not record any revenue and gross profit for the year ended 31 December 2018, and recorded a net loss of approximately HK\$4.18 million for the year ended 31 December 2018.

LETTER FROM THE BOARD

4. 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 Target 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.

At the time of acquisition of interest in the Target Company by the Company in 2016, the Company noted the raising concern of air pollution in the PRC, the PRC government's supportive policies on air pollution control and the car-carried purifiers' ability to reduce air pollutants in cars. Accordingly, the Company considered that the development of car-carried purifiers business would provide an opportunity for the Group to tap into the business of car-carried purifier products and to diversify its then business scope in the automobile industry.

According to the Beijing Ecology and Environment Statement 2018 issued by the Environmental Bureau of Beijing (北京市生態環境局) in May 2019, air pollution in Beijing improved significantly since 2016 in which PM_{2.5} (being a type of fine particles), sulphur dioxide and nitrogen dioxide, each being an air pollution indicator, decreased by 12.1%, 25.0% and 8.7% respectively in 2018 as compared to 2017; and Beijing recorded a year-on-year decrease in the number of days with poor air quality standard from 2016 to 2018. According to statistics from Qianzhan Industry Research Institute, (i) the number of brands of air purifiers in China decreased from 786 in year 2016 to 453 in year 2018; (ii) the sales of air purifiers in China increased from RMB14.2 billion in 2016 to RMB16.9 billion in 2017 but dropped to RMB11.0 billion in the first eleven months of 2018; and (iii) China recorded a growth rate of air purifiers of 15.8% in 2016 and 18.7% in 2017, but a negative growth rate of 26.7% in 2018. It is noted that the improvement of air quality in the PRC has resulted in a decline in demand for car-carried purifiers in 2018.

Having considered the effective pollution control measures in the PRC as discussed above, 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 order to improve the performance of the Group.

LETTER FROM THE BOARD

In view of the above, the Directors (including all the independent non-executive Directors) 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 (iii) 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.

5. FINANCIAL EFFECTS OF THE DISPOSAL

As at the Latest Practicable Date, the Target Company was owned as to 51% by the Vendor and 49% by the Purchaser. As at the Latest Practicable Date, the Target Company was a non-wholly owned subsidiary of the Group. Pursuant to the Disposal Agreement, with effect from the date of Completion, the Target Company would 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.

6. 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.

LETTER FROM THE BOARD

7. 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, (i) at the time when the Company acquired interest in the Target Company in 2016, the Purchaser was held as to 86.67% by Beijing Baijun, 6.67% by Beijing Qidi Huide and 6.67% by Suzhou Ziguang; and (ii) since the acquisition of equity interest in the Purchaser by Madam Ma, Madam Mi and Tus-Technology City by way of capital injection and transfer of interest from existing shareholders of the Purchaser in August 2018 and as at the Latest Practicable Date, the Purchaser was 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.

8. 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.

9. 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.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Purchaser was held as to approximately 27.2% by Tus-Technology City, 4.9% by Suzhou Ziguang and 21.3% by Madam Mi. As at the Latest Practicable Date, (i) Tuspark Venture was a substantial shareholder of the Company holding 452,519,805 Shares (representing approximately 21.93% of the total issued share capital of the Company) and was a wholly-owned subsidiary of Tus-Holdings, and (ii) Tus-Technology City and Suzhou Ziguang, each being a subsidiary of Tus-Holdings, together held approximately 32.1% of the Purchaser. Accordingly, the Purchaser 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.

As at the Latest Practicable Date, (i) Tuspark Venture held 452,519,805 Shares, representing approximately 21.93% of the existing issued share capital of the Company; (ii) Tuspark Venture is a wholly-owned subsidiary of Tus-Holdings; and (iii) Mr. Ma held 210,718,000 Shares, representing approximately 10.21% of the existing issued share capital of the Company. Tuspark Venture, Tus-Holdings, Mr. Ma and their respective associates shall abstain from voting on the resolution to be proposed at the EGM for approving the Disposal Agreement and the transactions contemplated thereunder.

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.

10. 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.

LETTER FROM THE BOARD

11. EGM

A notice convening the EGM is set out on pages EGM-1 to EGM-4 of this circular. The EGM will be convened and held at Regus Conference Centre, 35/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong at 10:00 a.m. on Wednesday, 26 June 2019 for the purpose of considering and, if thought fit, approving the Disposal and the transactions contemplated thereunder.

A form of proxy for use at the EGM is enclosed with this circular. Such form of proxy is also published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.tus-i.com). Whether or not you are able to attend and vote at the EGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish and in such event, the form of proxy shall be deemed to be revoked.

The resolution proposed at the EGM will be taken by way of poll. An announcement on the poll results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

12. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 18 to 19 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM regarding the Disposal.

Your attention is also drawn to the letter from Gram Capital set out on pages 20 to 30 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders regarding the Disposal and the principal factors and reasons taken into consideration in arriving at its advice.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors whose recommendations in relation to the Disposal are set out in the letter from the Independent Board Committee) are of the opinion that while the Disposal are not in the ordinary and usual course of business of the Company, the terms of the Disposal Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution set out in the notice of the EGM enclosed in this circular.

13. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this 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.

Yours faithfully,
On behalf of the Board of
TUS International Limited
Ma Chi Kong Karl
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

10 June 2019

To the Independent Shareholders

Dear Sir or Madam,

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

We refer to the circular of the Company dated 10 June 2019 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders in respect of the terms of the Disposal and to recommend whether or not the Independent Shareholders should vote for the resolution to be proposed at the EGM to approve the Disposal. Gram Capital has been appointed as the independent financial adviser to advise you and us in this regard. Details of its advice, together with the principal factors and reasons it has taken into consideration in arriving at such advice, are set out on the letter from Gram Capital set out on pages 20 to 30 of the Circular.

Your attention is also drawn to the letter from the Board in the Circular and other information set out in the appendix thereto.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered, among other matters, the factors and reasons considered by, and the opinion of Gram Capital as stated in its letter of advice, we consider that while the Disposal is not in the ordinary and usual course of business of the Group, the terms of the Disposal Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution for approving the Disposal as set out in the notice of the EGM enclosed in the Circular.

Yours faithfully,

For and on behalf of the Independent Board Committee

Hon. Quat Elizabeth *(JP)*

Mr. Poon Chiu Kwok

Mr. Wong Yuk Lun, Alan

Independent non-executive Directors

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposal for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

10 June 2019

*To: The independent board committee and the independent shareholders
of TUS International Limited*

Dear Sir/Madam,

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

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 10 June 2019 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

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).

LETTER FROM GRAM CAPITAL

With reference to the Board Letter, the Purchaser is a connected person of the Company under Chapter 14A of the Listing Rules. The Disposal constitutes a discloseable and connected transaction of the Company under Chapter 14 and Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular, and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Hon. Quat Elizabeth (*JP*), Mr. Poon Chiu Kwok and Mr. Wong Yuk Lun, Alan (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Disposal Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Disposal is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Disposal at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors/management of the Company (the “**Management**”). We have assumed that all information and representations that have been provided by the Directors/Management, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Company's/Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Disposal. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

LETTER FROM GRAM CAPITAL

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Purchaser or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Disposal. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Disposal, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the Disposal

Business overview of the Group

With reference to the Board Letter, 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.

LETTER FROM GRAM CAPITAL

Set out below is a summary of the consolidated financial information of the Group for the two years ended 31 December 2018 as extracted from the Company's annual report for the year ended 31 December 2018 (the “**2018 Annual Report**”):

	For the year ended 31 December 2018 HK\$	For the year ended 31 December 2017 HK\$	Change from 2017 to 2018 %
Revenue	457,237,213	202,692,616	125.58
– ADAS and other automotive components	328,004,405	26,938,353	1,117.61
– Car-carried purifiers	–	5,927,825	(100.00)
– Car trading	2,029,362	54,522,615	(96.28)
– Finance lease of motor vehicles and equipment	127,203,446	115,303,823	10.32
Gross profit	60,782,662	26,716,898	127.51
Loss for the year	128,469,232	70,523,483	82.17

According to the table above, the Group recorded revenue and gross profit of approximately HK\$457 million and approximately HK\$61 million respectively for the year ended 31 December 2018 (“**FY2018**”), representing substantial increases of approximately 125.58% and approximately 127.51% respectively as compared to those for the year ended 31 December 2017 (“**FY2017**”). With reference to the 2018 Annual Report and as confirmed by the Management, such increases was primarily due to the strategic change of the Group to tap into the ADAS segment via the acquisition of Suzhou Zhihua Group in FY2017 in which the Group fully consolidated the results since December 2017.

Despite the improvements in revenue and gross profit for FY2018, the Group recorded loss of approximately HK\$128.5 million for FY2018, representing an increase of approximately 82.17% as compared to FY2017. With reference to the 2018 Annual Report, such increase was primarily due to the significant increase in research and development expenses, imputed interest expenses arising from convertible bonds and expenses in relation to a very substantial acquisition of auto-grade wireless communication module business.

LETTER FROM GRAM CAPITAL

The Group's revenue from the ADAS and other automotive components segment amounted to approximately HK\$328 million for FY2018, representing a significant increase of approximately 1,117.61% as compared to that for FY2017. The ADAS and other automotive components segment became the largest revenue generator in FY2018. With reference to the 2018 Annual Report, the Group will maintain the competitiveness through capturing the market share in camera-based ADAS business in China and leveraging on the synergistic effect with the radar business, automotive-connectivity modules business and autonomous driving algorithm business to diversify its product mix and enhance its capability in developing high value-added products and new applications through in-house research and development efforts. The Group will strengthen its market position by leveraging on its research and development capabilities and collaborating with members of National Innovation Center of Intelligent Connected Vehicles in the development and commercialization of various forward looking and common technologies.

Information on the Purchaser

With reference to the Board Letter, 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, as at the Latest Practicable Date, the Purchaser was 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. The Purchaser is a connected person of the Company under Chapter 14A of the Listing Rules.

Information on the Target Company

With reference to the Board Letter, 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.

LETTER FROM GRAM CAPITAL

Set out below is the major audited financial information of the Target Company as extracted from the Board Letter:

	For the year ended 31 December 2017 HK\$	For the year ended 31 December 2018 HK\$
Revenue	5,900,000	Nil
Net loss before taxation	563,698	4,181,000
Net loss after taxation	768,474	4,181,000

As at 31 December 2018, the Target Company's net asset value was approximately HK\$86.3 million.

Reasons for and benefits of the Disposal and use of proceeds

With reference to the Board Letter, the revenue of the Target Company for the year ended 31 December 2017 and 2018 were HK\$5.9 million and nil respectively. The Target Company recorded net loss after taxation for the years ended 31 December 2017 and 2018 of approximately HK\$0.8 million and HK\$4.2 million respectively.

At the time of acquisition of interest in the Target Company by the Company in 2016, the Company noted the raising concern of air pollution in the PRC, the PRC government's supportive policies on air pollution control and the car-carried purifiers' ability to reduce air pollutants in cars. Accordingly, the Company considered that the development of car-carried purifiers business would provide an opportunity for the Group to tap into the business of car-carried purifier products and to diversify its then business scope in the automobile industry.

Nevertheless, having considered the effective pollution control measures in the PRC, 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 order to improve the performance of the Group.

LETTER FROM GRAM CAPITAL

For our due diligence purpose, we searched over the internet and found the 2018年12月全國城市空氣質量報告 (National urban air quality report for December 2018*) published by China National Environmental Monitoring Centre on 3 January 2019. According to the report: For 338 PRC cities in December 2018, (i) average proportion of good air quality days was 77.0%, representing a year-on-year increase of 9.8 percentage point; (ii) average concentration of particle matter PM_{2.5} was 53 micrograms per cubic metre (µg/m³), representing a year-on-year decrease of 18.5%; and (iii) average concentration of particle matter PM₁₀ was 88 µg/m³, representing a year-on-year decrease of 14.6%.

We also found the Beijing Ecology and Environment Statement 2018 published by the Beijing Municipal Ecology and Environment Bureau in May 2019. According to the statement: for Beijing in 2018, (i) average concentration of sulfur dioxide was 6 µg/m³, representing a year-on-year decrease of 25.0%; (ii) average concentration of particle matter PM_{2.5} was 51 µg/m³, representing a year-on-year decrease of 12.1%; and (iii) average concentration of particle matter PM₁₀ was 78 µg/m³, representing a year-on-year decrease of 7.1%.

Furthermore, according to the statistics from Qianzhan Industry Research Institute, (i) the number of brands of air purifiers in the PRC decreased from 786 in year 2016 to 453 in the first eleven months of 2018, (ii) the sales of air purifiers in the PRC increased from RMB14.19 billion in 2016 to RMB16.85 billion in 2017 but dropped to RMB11 billion in the first eleven months of 2018; and (iii) the growth rate of air purifiers in the PRC increased from 15.8% in 2016 to 18.7% in 2017, but recorded a decrease of 26.7% in 2018. The improvement of air quality in the PRC resulted in a decline in demand for car-carried purifiers in 2018.

Upon our enquiry, we were advised by the Management that the Target Company has not been generating revenue since FY2018 due to effective haze control in Beijing which led to decline in demand for car-carried purifiers in the PRC. Having considered (i) the Target Company's continuous losses made for FY2017 and FY2018; and (ii) that the Target Company has not been generating revenue since FY2018, we concur with the Directors that, although the Disposal was not conducted in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole.

LETTER FROM GRAM CAPITAL

2. Principal terms of the Disposal Agreement

Date

12 April 2019

Parties

- (i) the Vendor;
- (ii) the Purchaser; and
- (iii) the Target Company

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.

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 (i.e. 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

LETTER FROM GRAM CAPITAL

- (b) the remaining balance of the Consideration (i.e. 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 (i.e. the Relevant Period). During the Relevant Period, interest at the rate of 4% per annum (the “**Interest Rate**”) 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 (i.e. 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.

With reference to the Board Letter, 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 Company 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 Company; and (iv) the reasons and benefits as set out in the paragraph headed “Reasons for and benefits of the Disposal” of the Board Letter.

Given (i) the Target Company’s continuous losses made for FY2017 and FY2018; and (ii) that the Target Company has not been generating revenue since FY2018, we considered that it is reasonable to determine the Consideration based on, amongst others, the Target Company’s net asset value and the registered capital in the Target Company contributed by the Vendor in proportion to its 51% equity interest in the Target Company.

Having considered the following factors:

- (i) 51% of the Target Company’s net asset value as at 31 December 2018 was approximately HK\$44 million, which is lower than the Consideration; and
- (ii) the Consideration equals to 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). In other words, the Company can retrieve its investment in the Target Company despite the Target Company’s continuous losses made for FY2017 and FY2018,

we are of the view that the Consideration is fair and reasonable.

LETTER FROM GRAM CAPITAL

In respect of the settlement arrangement of the Remaining Consideration, we noticed from the Board Letter that the deferred payment arrangement was requested by the Purchaser and was agreed by the Vendor as a result of arm's length negotiations by the Parties after taking into consideration, among other things, (i) interest payable by the Purchaser to the Vendor for the outstanding Remaining Consideration as mentioned above; (ii) the Filing in relation to the change in the shareholding in the Target Company shall not take place prior to the settlement of the Consideration and all accrued interest, being a protective measure for the Group; (iii) the current market sentiment of the car purifier business and results of the Target Company; and (iv) other terms and conditions of the Disposal (including the Consideration) as a whole.

With reference to the 2018 Annual Report, during FY2018, the Group's pledged bank deposits with original maturity over 3 months carry interest ranged from 3.32% to 4.08% per annum and the Group's cash and cash equivalent carries interest at floating rates based on daily bank deposit rates (being 0.125% per annum since October 2018 as advised by the Directors).

Having considered the reasons for the settlement arrangement of the Remaining Consideration as set out above and that the Interest Rate is within the deposit rates of the Group during FY2018, we consider the settlement arrangement of the Remaining Consideration to be justifiable.

Other terms

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.

Taking into account the principal terms of the Disposal Agreement as highlighted above, we are of the view that such terms are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM GRAM CAPITAL

3. Financial Effects of the Disposal

With reference to the Board Letter, with effect from the date of Completion, the Target Company would 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.

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.

It should be noted that the aforementioned analyses are for illustrative purposes only and do not purport to represent how the financial position of the Group will be upon Completion.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Disposal Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) although the Disposal is not conducted in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Disposal and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

* *For identification purpose only*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Director's interest in the securities of the Company and its associated corporations

As at the date of the Latest Practicable Date, save as disclosed below, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in the Listing Rules:

(i) *Interest in the shares and underlying shares (other than share options) of the Company*

Name of Director	Capacity	Number of Shares (Note 1)	Approximate percentage of interest in the Company (Note 2)
Mr. Ma	Beneficial owner	210,718,000 (L)	10.21%
	Beneficial owner (Note 3)	100,000,000 (L)	4.85%
Mr. Shen Xiao (“ Mr. Shen ”)	Beneficial owner	50,000,000 (L)	2.42%
	Beneficial owner (Note 4)	109,853,894 (L)	5.32%

Notes:

- (1) The letter “L” denotes the person’s long position in such shares.
- (2) Based on 2,063,615,283 Shares in issue as at the Latest Practicable Date.
- (3) These Shares represented Mr. Ma’s interest in the shares underlying the 0% Convertible Bond due 2023 in the aggregate principal amount of HK\$53,700,000, assuming full conversion of the 0% Convertible Bond due 2023 at the initial conversion price of HK\$0.537 per Share.
- (4) These Shares represented Mr. Shen’s interest in the long position of 109,853,894 Shares underlying the 6% Convertible Bond due 2019.

(ii) Interest in the share options of the Company

As at the Latest Practicable Date, the following Directors had personal interest in the Share Options to subscribe for the Shares granted under the share option schemes of the Company:

Name of Director	Number of Share Options	Date of Grant	Exercise price per Share (HK\$)	Exercise period
<i>Executive Directors</i>				
Mr. Ma	9,280,000	12 October 2016	0.822	12 October 2017 to 11 October 2026
Du Peng	9,280,000	22 January 2016	0.820	22 January 2017 to 21 January 2026
	4,640,000	18 April 2018	0.620	18 April 2019 to 17 April 2028
	<u>13,920,000</u>			
Mr. Shen	9,280,000	12 October 2016	0.822	12 October 2017 to 11 October 2026
	4,640,000	18 April 2018	0.620	18 April 2019 to 17 April 2028
	<u>13,920,000</u>			
<i>Non-executive Director</i>				
Tsang Ling Bui, Gilbert	4,640,000	22 January 2016	0.820	22 January 2017 to 21 January 2026
Total	<u><u>41,760,000</u></u>			

(b) Substantial shareholders' and other persons' interests in the shares and underlying shares of the Company

As at the Latest Practicable Date, other than the interests disclosed above in respect of certain directors and chief executive of the Company, the interests and short positions of persons in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Capacity	Number of Shares (Note 1)	Approximate percentage of interest in the Company (Note 2)
Tuspark Venture	Beneficial interest (Notes 3 and 5)	710,109,564 (L)	34.41%
Tus-Holdings	Interests of controlled corporation (Note 3)	710,109,564 (L)	34.41%
Tsinghua Holdings Co., Ltd. ("Tsinghua Holdings")	Interests of controlled corporation (Note 4)	710,109,564 (L)	34.41%
Beijing Baijun Investment Company Limited ("Beijing Baijun")	Interests of controlled corporation (Note 4)	710,109,564 (L)	34.41%
Wang Jiwu	Interests of controlled corporation (Note 4)	710,109,564 (L)	34.41%
Tsinghua University	Interests of controlled corporation (Note 4)	710,109,564 (L)	34.41%
E-Town International Holding (Hong Kong) Co., Limited ("E-Town")	Beneficial owner (Note 6)	387,080,868 (L)	18.76%
Beijing E-Town International Investment & Development Co. Ltd * (北京亦莊國際投資發展有限公司) ("Beijing E-Town")	Interests of controlled corporation (Note 6)	387,080,868 (L)	18.76%
CM Securities Investment Limited ("CMSI")	Beneficial owner (Note 7)	109,853,894 (L)	5.32%
China Minsheng Financial Holding Corporation Limited ("CMFHCL")	Interests of controlled corporation (Note 7)	109,853,894 (L)	5.32%

Name of shareholder	Capacity	Number of Shares (Note 1)	Approximate percentage of interest in the Company (Note 2)
China Minsheng Investment Corporation Limited	Interests of controlled corporation (Note 7)	109,853,894 (L)	5.32%
Munsun Smart Mobility Fund LP ("Munsun Smart")	Beneficial owner (Note 8)	109,853,894 (L)	5.32%

Notes:

- (1) The letter "L" denotes the person's long position in such shares.
- (2) Based on 2,063,615,283 Shares in issue as at the Latest Practicable Date.
- (3) Tuspark Venture was the beneficial owner of 452,519,805 Shares. The entire issued share capital of Tuspark Venture was beneficially owned by Tus-Holdings. Tus-Holdings was therefore deemed to be interested in the 452,519,805 shares held by Tuspark Venture pursuant to the SFO.
- (4) Tus-Holdings was held (i) as to approximately 44.92% by Tsinghua Holdings, which was in turn held as to 100% by Tsinghua University; and (ii) as to approximately 30.08% by Beijing Baijun, which was in turn held as to 100% by Mr. Wang Jiwu.
- (5) Tuspark Venture was beneficially interested in the 6% Convertible Bond due 2019 in the principal amount of HK\$100,000,000 which was convertible into 109,853,894 Shares at the conversion price of HK\$0.9103 per Share (subject to adjustment(s)).
- (6) E-Town was the beneficial owner of 387,080,868 Shares. E-Town was wholly-owned by Beijing E-Town. Beijing E-Town was therefore deemed to be interested in the 387,080,868 Shares held by E-Town pursuant to the SFO.
- (7) CMSI was beneficially interested in the 6% Convertible Bond due 2019 in the principal amount of HK\$100,000,000 which was convertible into a maximum of 109,853,894 Shares at the conversion price of HK\$0.9103 per Share (subject to adjustment(s)).

The entire issued share capital of CMSI was beneficially owned by CMFHCL whose shares are listed on main board of the Stock Exchange (Stock Code: 245).

CMFHCL was held as to 50.00% by CMI Financial Holding Company Limited, which was wholly owned by China Minsheng Asia Asset Management Company Limited, which was in turn wholly owned by China Minsheng Investment Corporation Limited.

- (8) Munsun Smart was beneficially interested in the 6% Convertible Bond due 2019 in the principal amount of HK\$100,000,000 which was convertible into 109,853,894 Shares at the conversion price of HK\$0.9103 per Share (subject to adjustment(s)).

Except for (a) Mr. Du, who is an executive Director, a director of Tuspark Venture and vice president of Tus-Holdings, and (b) Mr. Ma, who is an executive Director and a director of Tus-Holdings, as of the Latest Practicable Date, none of the Directors or any proposed Director of the Company was a director or an employee of a company which had, or was deemed to have, an interest or a short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

- (a) As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which had been, since 31 December 2018 (being the date of which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group.
- (b) As at the Latest Practicable Date, save for the Disposal Agreement, there were no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors and their respective close associates (as defined in the Listing Rules) was interested in any business apart from the Group's businesses which competes or may compete, directly or indirectly, with the business of the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2018, being the date to which the latest published audited financial statements of the Group were made up.

7. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
Gram Capital Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, the expert named above:

- (i) had no shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group;
- (ii) had no direct or indirect interest in any assets which had been, since 31 December 2018 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and
- (iii) had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the reference to its name included herein in the form and context in which it appears.

8. MISCELLANEOUS INFORMATION

- (a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The principal place of business of the Company in Hong Kong is at Unit 416, Level 4, Core F, Cyberport 3, 100 Cyberport Road, Hong Kong.

- (c) The Cayman Islands principal share registrar and transfer office of the Company is SMP Partners (Cayman) Limited at Royal Bank House, 3/F., 24 Shedden Road, P.O. Box 1586, Grand Cayman KY1-1110, Cayman Islands.
- (d) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (e) The company secretary of the Company is Mr. Lee Chi Yung, who is a member of Hong Kong Institute of Certified Public Accountants.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at Unit 416, Level 4, Core F, Cyberport 3, 100 Cyberport Road, Hong Kong during normal business hours from the date of this circular up to and including the date of the EGM:

- (a) the Disposal Agreement; and
- (b) this circular.

NOTICE OF EGM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of the shareholders of TUS International Limited (the “**Company**”) will be held at Regus Conference Centre, 35/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong at 10:00 a.m. on Wednesday, 26 June 2019 for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolution as ordinary resolution:

ORDINARY RESOLUTION

1. “**THAT:**

- (a) the disposal agreement (the “**Disposal Agreement**”) dated 12 April 2019 entered into between Suzhou Qiyixin Enterprise Management Co., Ltd.* (蘇州企億信企業管理有限公司), a wholly-owned subsidiary of the Company as vendor (the “**Vendor**”), Yadu Technology Group Co., Ltd.* (亞都科技集團有限公司) as purchaser (the “**Purchaser**”) and Suzhou Yadu Cloud Technology Co. Limited* (蘇州亞都雲科技有限公司) (the “**Target Company**”) (a copy of which has been produced to this meeting marked “A” for the purpose of identification) in relation to the proposed disposal of 51% equity interest in the Target Company by the Vendor to the Purchaser and the transactions contemplated thereby (collectively, the “**Disposal**”) be and is hereby approved, confirmed and ratified;

NOTICE OF EGM

- (b) any one director of the Company (“**Director(s)**”) or (if affixing of seal is required) any two Directors (or one Director together with the company secretary of the Company) be authorised for and on behalf of the Company, among others, to execute, perfect, deliver (including under seal where applicable) all such other documents and deeds, and to do or authorise doing all such acts, matters and things, as he may in his absolute discretion consider necessary, expedient or desirable to give effect to and implement and/or complete all matters in connection with:
- (i) the Disposal, the Disposal Agreement and all other transactions contemplated thereunder, and the closing and implementation thereof;
 - (ii) securing the fulfilment of the conditions precedent of completion of the Disposal; and
 - (iii) the approval of any amendments or variations to the Disposal Agreement, or the granting of waivers of any matters contemplated thereby that are, in the Director’s opinion, not fundamental to the transactions contemplated thereby and are in the best interests of the Company, including without limitation the signing (under the common seal of the Company where required or expedient) of any supplemental or ancillary agreements and instruments and the giving of any undertakings and confirmations for any such purposes.”

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

Hong Kong, 10 June 2019

NOTICE OF EGM

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place of
business in the PRC:*

Room KJ02-07, 2nd Floor,
Qidi Ke Jian Building
Building No. 6
No. 1 Zhongguancun East Road
Haidian District, Beijing, PRC

Principal place of business in

Hong Kong:

Unit 416, Level 4,
Core F, Cyberport 3,
100 Cyberport Road,
Hong Kong

Notes:

- (i) Any member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (ii) In order to be valid, the form of proxy together with a power of attorney or other authority (if any) under which it is signed or a certified copy thereof, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the Meeting (or any adjournment thereof).
- (iii) Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the Meeting and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (iv) Where there are joint holders of any shares, any one of such joint holders may vote either in person or by proxy in respect of such shares as if he/she was solely entitled thereto; but if more than one of such joint holders be present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company.
- (v) The transfer books and register of shareholders will be closed from 24 June 2019 to 26 June 2019, both days inclusive, in order to determine the entitlement of shareholders to attend the above Meeting, during which period no share transfers can be registered. All transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 21 June 2019.

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- (vi) Where there are joint holders of any shares, any one of such joint holders may vote either in person or by proxy in respect of such shares as if he/she was solely entitled thereto; but if more than one of such joint holders be present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company.

As at the date of this notice, the board of directors of the Company comprises Mr. Ma Chi Kong Karl (Chairman), Mr. Du Peng, Mr. Shen Xiao who are executive Directors, Mr. Tsang Ling Biu, Gilbert, Mr. Qin Zhiguang and Mr. Hu Bo 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.