THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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)

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF THE 70% EQUITY INTEREST IN TUS CLOUD CONTROL (BEIJING) TECHNOLOGY LIMITED AND NOTICE OF EGM

Financial Adviser to the Company

TUS Corporate
Finance Limited

Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders

Lego Corporate
Finance Limited
力高企業融資有限公司

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 5 to 18 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 19 to 20 of this circular. A letter of advice from Lego Corporate Finance to the Independent Board Committee and the Independent Shareholders in relation to the Disposal is set out on pages 21 to 38 of this circular.

The notice convening the EGM of the Company to be held on 14 October 2020 at 10:00 a.m. at Executive Boardroom, 20/F, Central Tower, 28 Queen's Road, Central, Hong Kong 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.

PRECAUTIONARY MEASURES FOR THE EGM

To safeguard the health and safety of shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the EGM:

- compulsory temperature screening/checks and health declarations
- compulsory wearing of surgical face masks
- no distribution of corporate gifts or refreshments
- be seated as indicated to ensure social distancing

Any person who does not comply with the precautionary measures may be denied entry into the EGM venue, at the Company's discretion to the extent permitted by law. For the health and safety of shareholders, the Company would like to encourage shareholders to exercise their right to vote at the EGM by appointing the chairman of the EGM as their proxy instead of attending the EGM in person.

The Company will keep the evolving COVID-19 situation under review and may implement additional measures which it will announce closer to the date of the extraordinary general meeting.

25 September 2020

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DEFINITIONS

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

"Announcement"	the announcement of the Company dated 14 September 2020 in relation to, among other things, the Disposal
"associate(s)"	has the meaning ascribed to it in the Listing Rules
"Board"	the board of Directors
"Business Day(s)"	any normal working day other than a Saturday, Sunday or a statutory holiday in the PRC or Hong Kong
"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)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the consideration for the 70% equity interest in the Target Company under the Equity Transfer Agreement, being the sum of RMB105 million (equivalent to approximately HK$115.5 million)
"Director(s)"	the director(s) of the Company
"Disposal"	the proposed disposal of the 70% equity interest in the Target Company as contemplated under the Equity Transfer Agreement
"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 Equity Transfer Agreement and the Disposal

"Equity Transfer Agreement"	the equity transfer agreement dated 14 September 2020 entered into between the Vendor, the Purchasers, the Target Company and the Minority Shareholder in relation to 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"	the independent board committee of the Company comprising all the independent non-executive Directors established pursuant to the Listing Rules to advise the Independent Shareholders in relation to the Equity Transfer Agreement and the transaction contemplated thereunder
"Independent Financial Adviser" or "Lego Corporate Finance"	Lego Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Equity Transfer Agreement and the transaction contemplated thereunder
"Independent Shareholder(s)"	Shareholder(s) other than Tuspark Venture and its associates
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any of the directors, chief executives or substantial shareholders of the Company or subsidiaries of the Company or any of their respective associates
"Latest Practicable Date"	23 September 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

"Minority Shareholder"	Tianjin Qingyun Intelligent Control Technology Limited* (天津清雲智控科技有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party
"Purchaser A"	Qingdao YHU Jing Pan Equity Investment Partnership (Limited Partnership)* (青島頤和晶磐股權投資合夥企業(有限合夥)), a limited partnership established in the PRC and an Independent Third Party
"Purchaser B"	Yangzhou Qidi Zhi Wang Investment Centre (Limited Partnership)* (揚州啟迪智網投資中心(有限合夥)), a limited partnership established in the PRC ultimately owned as to approximately 38.8% by Tus-Holdings
"Purchaser C"	Suzhou Shui Mu Shi Shang Investment Centre (Limited Partnership)* (蘇州水木時尚投資中心(有限合夥)), a limited partnership established in the PRC ultimately owned as to approximately 76.0% by Tus-Holdings
"Purchaser D"	Huang Bing Qian (黃冰倩), a high-net-worth individual and an Independent Third Party
"Purchasers"	collectively, the Purchaser A, Purchaser B, Purchaser C and Purchaser D
"PRC"	the People's Republic of China, which for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region of the People's Republic of China and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	TUS Cloud Control (Beijing) Technology Limited (啟迪雲控(北京)科技有限公司), a company incorporated in the PRC with limited liability, which was held as to 70% by the Vendor and 30% by the Minority Shareholder, as at the Latest Practicable Date
"Target Group"	The Target Company and its subsidiary
"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
"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"	TUS Yunzhi Technology (Beijing) Limited* (啟迪雲智科技(北京)有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
"%"	per cent

* *For identification purposes only*

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. Lin Jian

Non-executive Directors:
Mr. Du Peng
Mr. Tsang Ling Biu, Gilbert
Mr. Hu Bo

Independent Non-executive Directors:
Hon. Quat Elizabeth *(JP)*
Dr. Koong Hing Yeung Victor
Mr. Lee Kwok Tung Louis

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:
14-17/F, Block A,
Tsinghua University
Science Park Innovation Plaza
Beijing, PRC

Principal place of business in Hong Kong:
Room 707-711, 7/F,
TusPark Workhub,
118 Wai Yip Street, Kwun Tong
Hong Kong

25 September 2020

To the Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF THE 70% EQUITY INTEREST IN TUS CLOUD CONTROL (BEIJING) TECHNOLOGY LIMITED AND NOTICE OF EGM

1. INTRODUCTION

Reference is made to the Announcement of the Company dated 14 September 2020 in relation to the entering into of the Equity Transfer Agreement.

After trading hours on 14 September 2020, the Vendor (an indirect wholly-owned subsidiary of the Company), the Purchasers, the Target Company and the Minority Shareholder entered into the Equity Transfer Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchasers have conditionally agreed to acquire, in aggregate 70% of the equity interest in the Target Company at the Consideration of RMB105 million (equivalent to approximately HK$115.5 million) in accordance with the terms and conditions of the Equity Transfer Agreement. Pursuant to the Equity Transfer Agreement, each of the Purchaser A, Purchaser B, Purchaser C and Purchaser D shall acquire 30%, 9%, 21% and 10% equity interest of the Target Company from the Vendor, respectively.

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

2. THE EQUITY TRANSFER AGREEMENT

Date

14 September 2020

Parties

(a) the Vendor;

(b) the Purchasers;

(c) the Target Company; and

(d) the Minority Shareholder

Assets to be disposed of

As at the Latest Practicable Date, the Target Company, an indirect non-wholly owned subsidiary of the Company held through the Vendor, an indirect wholly owned subsidiary of the Company, is owned as to 70% by the Vendor and 30% by the Minority Shareholder. Upon completion, the Target Company will be owned as to 70% by the Purchasers and 30% by the Minority Shareholder, whereby as the Company indirectly holds as to approximately 1.7% equity interest in Purchaser C which in turn will indirectly holds as to approximately 0.4% equity interest in the Target Company, hence the Target Company will cease to be an indirect non-wholly owned subsidiary of the Company.

Upon the signing of the Equity Transfer Agreement, the Minority Shareholder shall waive its right of first refusal to purchase the equity interest in the Target Company of the Vendor in connection to the Disposal.

Consideration

Pursuant to the Equity Transfer Agreement, the Consideration of RMB105.0 million (equivalent to approximately HK$115.5 million), shall be settled by the Purchasers in the following manner:

(i) RMB45.0 million in cash by Purchaser A, shall be payable as to (i) RMB6.0 million within 15 Business Days after the signing of the Equity Transfer Agreement; and (ii) RMB39.0 million within three Business Days after the fulfillment of the conditions precedent (1), (2) and (3) as stated below;

(ii) RMB13.5 million in cash by Purchaser B, which had been paid by Purchaser B to the Vendor prior to the signing of the Equity Transfer Agreement;

(iii) RMB31.5 million in cash by the Purchaser C, which had been paid by Purchaser C to the Vendor prior to the signing of the Equity Transfer Agreement; and

(iv) RMB15.0 million in cash by Purchaser D, shall be payable as to (i) RMB2.0 million within 15 Business Days after the signing of the Equity Transfer Agreement; and (ii) RMB13.0 million within three Business Days after the fulfillment of the conditions precedent (1), (2) and (3) as stated below.

The Equity Transfer Agreement will be terminated immediately if the condition precedents (1), (2) and (3) as stated below cannot fulfill within three months after the signing of the Equity Transfer Agreement. In such event, any part of the consideration being paid by the Purchasers are refundable in full within 14 days after such termination. In case of such refund, having considered that Purchaser A and Purchaser D are Independent Third Parties to the Group, the repayment order for Purchaser A and Purchaser D would be prioritised over Purchaser B and Purchaser C.

Moreover, pursuant to the Equity Transfer Agreement, the Vendor shall complete its contribution of RMB17.0 million to the Target Company, within two Business Days after receiving the Consideration in full from the Purchasers.

It is further agreed that, if the Vendor fails to refund the consideration being received in full from Purchaser A and Purchaser D within the specific period of time as mentioned above, the Vendor shall within the next five Business Days, pledge its equity interest in the Target Company in an amount of approximately RMB8.0 million and RMB2.7 million as guarantee to Purchaser A and Purchaser D, respectively.

Basis of determination of the Consideration

Pursuant to the Equity Transfer Agreement, the Consideration shall be RMB105 million (equivalent to approximately HK$115.5 million), which was determined after arm's length negotiations between the Vendor and the Purchasers with reference to, among other things, (i) the unaudited consolidated net assets value of the Target Group of approximately HK$55.6 million as at 30 June 2020; (ii) the paid-up capital of approximately RMB53.1 million by the Vendor to the Target Company as at 30 June 2020 and the expected capital contribution of RMB17.0 million; (iii) the current and expected market condition of the industry in which the operations of the Target Group is participating; and (iv) the reasons for and benefits of the Disposal as set out in the section headed "6. Reasons for and benefits of the Disposal" below.

Conditions precedent

Completion of the Disposal is conditional upon the satisfaction of each of the following non-waivable conditions precedent:

(1) the shareholders' approvals of the Vendor in relation to the Equity Transfer Agreement and the Disposal;

(2) the external approvals in relation to the Equity Transfer Agreement and the Disposal contemplated thereunder, including but not limited to, the passing of the relevant resolution by the Independent Shareholders at the EGM and in accordance with the Listing Rules;

(3) the execution of all the relevant documents including the Equity Transfer Agreement and the revised article of association of the Target Company; and

(4) the completion of capital contribution of the Vendor to the Target Company of RMB17.0 million.

In addition to the aforementioned conditions precedent, the Target Company shall, within three Business Days (the "**Due Date of the Conditions Precedent**"), (i) deliver the capital contribution certificate of the Vendor to the Target Company, to the Purchasers; (ii) complete its shareholder register accordingly; and (iii) complete the application for the registration and changes pursuant to the Equity Transfer Agreement with the relevant market supervisory department.

As at the Latest Practicable Date, none of the conditions precedent had been fulfilled.

Termination

It is being agreed that, for the period of time between fulfillment of the conditions precedents (1), (2) and (3) as stated above and the completion of the Equity Transfer Agreement, in the event of any of the following situations, any of the Purchasers has the right to terminate the Equity Transfer Agreement in the form of a written notice:

(i) the Vendor fails to complete the capital contribution of RMB17.0 million to the Target Company;

(ii) over 15 Business Days after the Due Date of the Conditions Precedent, the Target Company fails to deliver to the Purchasers the shareholder register stating the Purchasers as shareholders of the Target Company;

(iii) over 15 Business Days after the Due Date of the Conditions Precedent, the Target Company fails to apply for the registration and changes pursuant to the Equity Transfer Agreement with the relevant market supervisory department; or

(iv) over 15 Business Days the Target Company fails to complete the registration and changes pursuant to the Equity Transfer Agreement with the relevant market supervisory department within 30 Business Days after the passing of the relevant resolution in relation to the Equity Transfer Agreement and the Disposal at the EGM.

Within 15 days after receiving such written notice of termination from any of the Purchasers, the Vendor shall return respective consideration received from such purchaser(s) plus an overdue interest. The interest shall be charged on a daily basis based on one-year loan prime rate published by the People's Bank of China at the time of the signing of the Equity Transfer Agreement (i.e. 14 September 2020), calculated from the date which the Vendor received respective consideration to the date upon repayment.

Any of the Purchaser(s) terminates the Equity Transfer Agreement in accordance with the termination clause as above, will not affect the rights and obligations of other purchaser(s) (in the event that other purchaser(s) choose to proceed to completion), and the Equity Transfer Agreement shall remain in full force and effect among the remaining party(ies).

Completion

Completion of the Equity Transfer Agreement and the Disposal shall take place within the 30 Business Days after the passing of the relevant resolution in relation to the Equity Transfer Agreement and the Disposal at the EGM, and further subject to (i) the fulfillment of the conditions set out as above (or such other date or time as may be agreed in written between the parties to the Equity Transfer Agreement); and (ii) the completion of the registration and changes pursuant to the Equity Transfer Agreement with the relevant market supervisory department.

3. INFORMATION ON THE TARGET GROUP

The Target Company is incorporated in the PRC with limited liability whose registered capital was owned as to 70% by the Vendor and as to 30% by the Minority Shareholder, and is an indirect non-wholly owned subsidiary of the Company as at the Latest Practicable Date immediately before the completion of the Disposal. The principal business activities of the Target Group are the development of the technologies for the intelligent and connected vehicles cloud control platform.

Set out below is the extracts of the unaudited consolidated financial performance of the Target Group for the years ended 31 December 2018 and 2019 and for the six months ended 30 June 2020:

	For the year ended 31 December		For the six months ended 30 June
	2018	2019	2020
	(unaudited)	(unaudited)	(unaudited)
	HK$'million	*HK$'million*	*HK$'million*
Revenue	–	28.7	4.7
Loss before and after taxation	13.4	13.6	8.8

As at 30 June 2020, the unaudited consolidated net assets value of the Target Group is amounted to approximately HK$55.6 million.

4. INFORMATION ON THE GROUP

The Group is principally engaged in research and development, production and sale of advanced driving assistance system ("**ADAS**") products and automotive-grade wireless connectivity modules. ADAS products, ranging on the spectrum of active (control) and passive (warning), include around view monitoring, lane departure warning, forward collision warning, pedestrian detection, night vision, blind spot detection, driver fatigue monitoring and other ADAS-related technologies. The Group is in the progress of developing the cloud control platform for intelligent and connected vehicles and its application, and working closely with other founding members of the National Innovation Center of Intelligent Connected Vehicles to promote the project of the national big data cloud control platform for intelligent connected vehicles. Automotive-grade wireless connectivity modules are electronic modules that connect cars and infrastructure via wireless communication such as cellular networks (2G, 3G, 4G/LTE, LTE-A and in the future 5G technology) as well as per vehicle to vehicle and vehicle to everything (V2X) communication schemes.

5. INFORMATION ON THE PARTIES INVOLVED

Information on the Vendor

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

Information on the Purchasers

Purchaser A is a limited partnership established in the PRC in 2020 and is principally engaged in investment in equities involve in advanced technology industry including intelligent and connected automobile sector. It has three partners, namely Guo Yanchao (郭彥超), Zhou Lixin (周立新) and Beijing Zhongwei YHU Equity Investment Fund Management Co., Ltd.* (北京中衛頤和股權投資基金管理有限公司) (the "**Beijing Zhongwei**") and are directly interested in approximately 82.1%, 16.4% and 1.5% equity interest in Purchaser A, respectively. Beijing Zhongwei is acting as the general partner, with principal business in investment management and has four ultimate beneficial owners all being individuals. As at the Latest Practicable Date, Purchaser A, its general partner (including its ultimate beneficial owners) and the two limited partners (Guo Yanchao and Zhou Lixin) are Independent Third Parties.

Purchaser B is a limited partnership established in the PRC in 2019 and is principally engaged in investment in equities involve in data and communication services and intelligent driving network infrastructure industry. It has two partners, namely Yangzhou Qidi Zhi Neng Wang Lian Technology Co., Ltd.*（揚州啟迪智能網聯科技有限公司）(“**Yangzhou Zhi Neng**”) and Qidi Jin Fu Investment Management (Ningbo) Co., Ltd.*（啟迪金服投資管理（寧波）有限公司）(the “**Qidi Jin Fu (Ningbo)**”) and are directly interested in approximately 99.0% and 1.0% equity interest in Purchaser B, respectively. The ultimate beneficial owners of Yangzhou Zhi Neng are Gaoyou State-owned Assets Management Centre（高郵市國有資產管理中心）, Kunshan State-owned Assets Supervision and Administration Office（昆山市政府國有資產監督管理辦公室）and Tus-Holdings. Qidi Jin Fu (Ningbo) is acting as the general partner of Purchaser B, being a connected person of the Company, which is indirectly owned as to 60.0% by Tus-Holdings. The ultimate beneficial owners of Qidi Jin Fu (Ningbo) are Tus-Holdings and Kunshan State-owned Assets Supervision and Administration Office. In turn, Purchaser B is ultimately owned as to approximately 48.5%, 38.8% and 12.7% by Gaoyou State-owned Assets Management Centre, Tus-Holdings and Kunshan State-owned Assets Supervision and Administration Office, respectively.

Purchaser C is a limited partnership established in the PRC in 2016 and is principally engaged in investment in equities involve in advanced science and technology service industry. It has five partners, namely Qidi Wang Lian Zhi Neng Technology Co., Ltd.*（啟迪網聯智能科技有限公司）(the “**Qidi Wang Lian**”), Purchaser B, Suzhou Qidi Shi Shang Education Development Co., Ltd.*（蘇州啟迪時尚教育發展有限公司）(the “**Suzhou Qidi**”), TusPark (Kunshan) Development Co., Ltd.*（昆山啟迪科技園發展有限公司）(the “**TusPark Kunshan**”) and Ningbo Qidi Zhen Tou Investment Management Co., Ltd.*（寧波啟迪針頭投資管理有限公司）(the “**Ningbo Qidi**”), and are directly interested in approximately 49.4%, 24.7%, 12.3%, 12.3% and 1.3%, respectively. Qidi Wang Lian is an indirect wholly owned subsidiary of Tus-Holdings. The ultimate beneficial owners of Suzhou Qidi are Tus-Holdings, Sino-Italy Ningbo Ecological Park Management Committee（中意寧波生態園管理委員會）, Ningbo Finance Bureau（寧波市財政局）, an individual third party and the Company. The ultimate beneficial owners of TusPark Kunshan are Kunshan State-owned Assets Supervision and Administration Office and Tus-Holdings. Ningbo Qidi is acting as the general partner of Purchaser C, being a connected person of the Company, which is indirectly owned as to approximately 26.7% by Tus-Holdings. The ultimate beneficial owners of Ningbo Qidi are Sino-Italy Ningbo Ecological Park Management Committee, Ningbo Finance Bureau, Kunshan State-owned Assets Supervision and Administration Office, an individual third party and Tus-Holdings. In turn, Purchaser C is ultimately owned as to approximately 76.0%, 12.0% and 1.7% by Tus-Holdings, Gaoyou State-owned Assets Management Centre and the Company, respectively, the remaining 10.3% is owned by 5 ultimate beneficial owners (including Kunshan State-owned Assets Supervision and Administration Office, Sino-Italy Ningbo Ecological Park Management Committee, Ningbo Finance Bureau and two individual third parties).

Purchaser D is a high-net-worth individual and an Independent Third Party.

Save as disclosed above, to the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, each of Purchaser A and Purchaser D and their respective ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

Information on the Minority Shareholder

The Minority Shareholder is a company incorporated in the PRC with limited liability, which is principally engaged in scientific research and technology services with 30% equity interest in the Target Company, and hence, a connected person at the subsidiary level of the Company under Chapter 14A of the Listing Rules. To the best knowledge of the Directors, as at the Latest Practicable Date, among all the ultimate beneficial owners of the Minority Shareholder, Li Jiawen（李家文）and Zhao Xiaoyu（趙曉宇）owned approximately 83.0% and 7.0% equity interest in the Minority Shareholder, respectively, whereas each of the remaining ultimate beneficial owners owned less than 5% equity interest in the Minority Shareholder. In addition, Li Jiawen is a director of the Target Company whom in turn is also a connected person at the subsidiary level of the Company under Chapter 14A of the Listing Rules.

6. REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is an investment holding company. The principal activities of the Group are research and development, production and sale of ADAS products and automotive-grade wireless connectivity modules.

The Company has established the Target Company in October 2017 with an aim to develop intelligent and connect vehicles, infrastructure, pedestrians into a holistic mobility system, facilitate intelligent data exchange among mobility system and motion control, and provide big data and cloud artificial intelligence services. However, the Target Group has yet to contribute a positive return to the Group, as disclosed in the "section headed "3. Information on the Target Group" in this circular, net loss before and after taxation for the years ended 31 December 2018 and 2019, and for the six months ended 30 June 2020 was amounted to approximately HK$13.4 million, HK$13.6 million and HK$8.8 million, respectively. Further, the accumulated development costs of the Target Group being capitalised amounted to approximately RMB70.8 million. According to the estimation of the Directors, based on best-case scenario, the Target Group is required to further incur not less than approximately RMB55.0 million in research and development, to fulfill the schedule of product development in respect of contracts and pipeline on hand.

In addition, despite that the internet of vehicles (the "**Internet of Vehicles**") industry is gradually evolving in China, and the Company strives to actively developing the vehicle cloud control platform for intelligent and connected vehicles and its applications with an aim to penetrate the market. The applications for the vehicle cloud control platform relies heavily on the development and capability of the big data as well as the 5G network. The Directors are of the view that, most of the 5G Internet of Vehicles applications, in particular the vehicles cloud control platform, is currently in exploratory stage and only limited to the demonstration of its applications, and it is still a ways off before the market is truly mature coping with the large-scale commercial applications. Under such circumstances, having considered that the net assets value of the Target Group is amounted to approximately HK$55.6 million as at 30 June 2020, on this basis, the Consideration of RMB105 million represents approximately 122.1% premium over the Company's equity interest of 70% on net assets value (after taking into consideration the capital commitment of RMB17.0 million to be contributed to the Target Company) of the Target Group. In view of the financial position of the Group, the Directors consider that, the Disposal provides an opportunity for the Company to realise its investment in a loss-making operation at premium, whilst to dispense with extensive capital requirements for the continuous development of the Target Group.

As disclosed in the annual report of the Company for the year ended 31 December 2019, the Group reported net loss of approximately HK$301.3 million. In addition, as disclosed in the interim report for the six months ended 30 June 2020, the Group had net debt position of approximately HK$955.8 million (being borrowings and convertible bonds net of cash and cash equivalents). The Directors have taken into consideration multiple options to strengthen the financial position of the Group, including the Disposal, which in turn able to provide an immediate additional source of fund for the repayment of the short-term borrowings of the Group, and therefore, improve the net debt position of the Group.

Having considered (i) the intended use of proceeds for repayment of the Group's borrowings will improve the net debt position and gearing ratio of the Group; (ii) the instant cash inflow of RMB105 million upon completion of the Disposal; (iii) to dispense with extensive capital requirements for the continuous development of the Target Group and focus on other existing lines of businesses of the Group; and (iv) the Consideration represents a premium of 122.1% over the Company's equity interest of 70% on net assets value (after taking into consideration the capital commitment of RMB17.0 million to be contributed to the Target Company) of the Target Group, the Board believes that it is a good opportunity to dispose of the Target Company at the agreed price and report an estimated gain (after deducting the relevant taxes and expenses) of approximately HK$50.6 million to the Group, which would also allow the Group to reduce the debt level and therefore improve the liquidity and overall financial position of the Group.

In view of the above, the Directors (including 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.

Mr. Hu Bo (a non-executive Director) is also a director of certain intermediate holding companies of each of the Purchaser B and Purchaser C. For the sake of good corporate governance, Mr. Hu Bo has abstained from voting on the Board resolution in approving the Equity Transfer Agreement and the Disposal.

7. FINANCIAL EFFECTS OF THE DISPOSAL

Upon completion of the Disposal, the Target Company would cease to be a subsidiary of the Company and the assets and liabilities and results of operation of the Target Group would no longer be consolidated into the consolidated financial statements of the Group.

The Group expects to record a net gain of approximately HK$50.6 million as a result of the Disposal, which represents the difference between the Consideration and the attributable portion of the unaudited net assets value of the Target Group as at 30 June 2020, less the capital commitment to be contributed to the Target Company of approximately HK$18.7 million (equivalent to approximately RMB17.0 million), and the estimated taxes and expenses of approximately HK$7.3 million. Given the aforementioned net gain on Disposal, the consolidated net assets value attributable to the Shareholders is preliminarily estimated to be increased by approximately HK$50.6 million upon the completion of the Disposal.

Shareholders are reminded that the actual gain to be recognised shall be determined following the completion of the Disposal and subject to audit.

8. INTENDED USE OF PROCEEDS

The Directors expect that, after deducting the estimated taxes and expenses and the capital commitment to be contributed to the Target Company of approximately HK$7.3 million and HK$18.7 million, respectively, the net proceeds arising from the Disposal is estimated to be approximately HK$89.5 million. The Company intends to apply the net proceeds fully for repayment of its borrowings.

9. IMPLICATIONS UNDER THE LISTING RULES

As one or more of applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 25% and all of them are less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, given that (i) the Purchaser B and Purchaser C are ultimately owned as to approximately 38.8% and 76.0% by Tus-Holdings, respectively; (ii) Tuspark Venture is a substantial shareholder of the Company holding 452,519,805 Shares (representing approximately 21.9% of the total issued share capital of the Company) and a wholly-owned subsidiary of Tus-Holdings. Accordingly, each of the Purchaser B and Purchaser C 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 Equity Transfer Agreement constitute connected transaction of the Company and is also subject to the reporting, announcement, circular, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the Latest Practicable Date, Tuspark Venture held 452,519,805 Shares, representing approximately 21.9% of the existing issued share capital of the Company, and Tuspark Venture is a wholly-owned subsidiary of Tus-Holdings. Tuspark Venture, Tus-Holdings and their respective associates shall abstain from voting on the resolution to be proposed at the EGM for approving the Equity Transfer Agreement and the transaction contemplated thereunder.

To the best of the Directors' information, knowledge and belief, after having made all reasonable enquiries, save for Tuspark Venture, Tus-Holdings and their respective associates, no Shareholder is required to abstain from voting on the resolution approving the Equity Transfer Agreement and the transaction 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 Equity Transfer Agreement and the transaction contemplated thereunder. Lego Corporate Finance has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Equity Transfer Agreement and the transaction contemplated thereunder.

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 Executive Boardroom, 20/F, Central Tower, 28 Queen's Road, Central, Hong Kong at 10:00 a.m. on 14 October 2020 for the purpose of considering and, if thought fit, approving the Equity Transfer Agreement and the transaction 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. RECOMMENDATIONS

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 19 to 20 of this circular and (ii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 21 to 38 of this circular in connection with the Equity Transfer Agreement and the transaction contemplated thereunder, and the principal factors and reasons considered by the Independent Financial Adviser in arriving at such advice.

The Board (including the Independent Board Committee), having taken into account the recommendation of the Independent Financial Adviser, considers that although the entering into of the Equity Transfer Agreement is not in the ordinary and usual course of business of the Group, the terms of the Equity Transfer Agreement and the Disposal are on normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are concerned, and the entering into of the Equity Transfer Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board (including the Independent Board Committee) recommends the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM in relation to the Equity Transfer Agreement and the Disposal contemplated thereunder.

Completion of the Disposal is subject to the fulfillment of the conditions precedent set out in the Equity Transfer 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.

13. ADDITIONAL INFORMATION

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

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

启迪國際
TUS INTERNATIONAL

TUS INTERNATIONAL LIMITED
啟迪國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 872)

25 September 2020

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF THE 70% EQUITY INTEREST IN TUS CLOUD CONTROL (BEIJING) TECHNOLOGY LIMITED

We refer to the circular dated 25 September 2020 issued by the Company to the Shareholders (the "**Circular**") of which this letter forms part. Unless the context otherwise requires, 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 Equity Transfer Agreement and the Disposal. Lego Corporate Finance 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 Lego Corporate Finance set out on pages 21 to 38 of the Circular.

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

Having considered, among other matters, the factors and reasons considered by, and the opinion of Lego Corporate Finance 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 Equity Transfer Agreement and the transaction contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Company and the Shareholders are concerned and 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 Equity Transfer Agreement and 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)* **Dr. Koong Hing Yeung Victor** **Mr. Lee Kwok Tung Louis**
Independent non-executive Directors

The following is the full text of a letter of advice from Lego Corporate Finance, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation in this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Equity Transfer Agreement and the transactions contemplated thereunder.

Lego Corporate Finance Limited
力高企業融資有限公司

25 September 2020

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF THE 70% EQUITY INTEREST IN TUS CLOUD CONTROL (BEIJING) TECHNOLOGY 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 terms of the Equity Transfer Agreement and the transactions contemplated thereunder, details of which are set out in the "Letter from the Board" (the "**Letter from the Board**") contained in the circular issued by the Company to the Shareholders dated 25 September 2020 (the "**Circular**"), of which this letter forms apart. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 14 September 2020, the Vendor (an indirect wholly-owned subsidiary of the Company), the Purchasers, the Target Company and the Minority Shareholder entered into the Equity Transfer Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchasers have conditionally agreed to acquire, in aggregate 70% of the equity interest in the Target Company, at the Consideration of RMB105 million (equivalent to approximately HK$115.5 million). Upon completion of the Disposal, the Target Group will cease to be subsidiaries of the Company.

As at the Latest Practicable Date, (i) Purchaser B and Purchaser C were ultimately owned as to approximately 38.8% and 76.0% by Tus-Holdings, respectively; and (ii) Tuspark Venture was a substantial shareholder of the Company and a wholly-owned subsidiary of Tus-Holdings. Accordingly, each of Purchaser B and Purchaser C were associates of Tuspark Venture and Tus-Holdings, and were connected persons of the Company under Chapter 14A of the Listing Rules, and the transactions contemplated under the Equity Transfer Agreement constitute connected transaction of the Company and is subject to the reporting, announcement, circular, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors (the "**INEDs**"), namely Hon. Quat Elizabeth *(JP)*, Dr. Koong Hing Yeung Victor and Mr. Lee Kwok Tung Louis, has been established to advise the Independent Shareholders as to whether the Disposal is conducted in the ordinary and usual course of business, fair and reasonable so far as the Company and the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of the relevant resolution to be proposed at the EGM to approve the Equity Transfer Agreement and the transactions contemplated thereunder. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

As at the Latest Practicable Date, Lego Corporate Finance did not have any relationships or interests with the Company that could reasonably be regarded as relevant to the independence of Lego Corporate Finance. In the last two years, there was no engagement between the Group and Lego Corporate Finance. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Company. Accordingly, we are qualified to give independent advice in respect of the terms of the Equity Transfer Agreement and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors (excluding the INEDs) and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us by the Directors (excluding the INEDs) and/or the management of the Group for which they are solely and wholly responsible for, or contained or referred to in the Circular were true, accurate and complete in all respects as the date hereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the date thereof and may relied upon. We have also assumed that all such statements of belief, opinions and intentions of the Directors (excluding the INEDs) and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors (excluding the INEDs) and/or the management of the Group. We have also sought and received confirmation from the Directors (excluding the INEDs) that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors (excluding the INEDs) and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the EGM.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors (excluding the INEDs) and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company or any of their respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation in respect of the Equity Transfer Agreement and the transactions contemplated thereunder, we have considered the following principal factors and reasons.

1. Background of the Disposal

1.1 Information on the Group

The Group is principally engaged in research and development, production and sale of advanced driving assistance system ("**ADAS**") products and automotive-grade wireless connectivity modules. ADAS products, ranging on the spectrum of active (control) and passive (warning), include around view monitoring, lane departure warning, forward collision warning, pedestrian detection, night vision, blind spot detection, driver fatigue monitoring and other ADAS-related technologies. The Group is in the progress of developing the cloud control platform for intelligent and connected vehicles and its application, and working closely with other founding members of the National Innovation Center of Intelligent Connected Vehicles to promote the project of the national big data cloud control platform for intelligent connected vehicles. Automotive-grade wireless connectivity modules are electronic modules that connect cars and infrastructure via wireless communication such as cellular networks (2G, 3G, 4G/LTE, LTE-A and in the future 5G technology) as well as per vehicle to vehicle and vehicle to everything (V2X) communication schemes.

The following table is a summary of the audited financial information of the Group for the years ended 31 December 2018 and 2019 as extracted from the annual report of the Company for the year ended 31 December 2019 (the "**2019 Annual Report**") and the unaudited financial information of the Group for the six months ended 30 June 2019 and 2020, as extracted from the interim report of the Company for the six months ended 30 June 2020 (the "**2020 Interim Report**").

	For the year ended 31 December		**For the six months ended 30 June**	
	2018	**2019**	**2019**	**2020**
	HK$' million	*HK$' million*	*HK$' million*	*HK$' million*
			(unaudited)	*(unaudited)*
Revenue	457.2	781.8	341.7	298.6
– Sales of ADAS products and automotive grade wireless connectivity modules	328.0	733.2	341.7	298.6
– Sales of cars	2.0	–	–	–
– Finance lease income	127.2	48.6	–	–
Administrative expenses	(101.3)	(203.5)	(60.6)	(101.3)
Research and development expenses	(10.1)	(103.4)	(30.4)	(46.4)
Finance costs	(54.0)	(66.6)	(37.0)	(50.4)
(Loss) for the year/period from continuing operations	(124.3)	(299.3)	(79.1)	(176.2)

	As at 31 December 2018 *HK$' million*	As at 31 December 2019 *HK$' million*	As at 30 June 2020 *HK$' million (unaudited)*
Cash and cash equivalents	53.7	113.4	80.5
Pledged bank deposits	50.3	3.9	3.1
Borrowings	133.3	487.0	938.8
Net current assets/(liabilities)	120.2	(656.1)	(845.6)
Net assets	447.4	600.8	372.2

With reference to the above table, revenue of the Group increased by approximately 71.0% from approximately HK$457.2 million for the year ended 31 December 2018 to approximately HK$781.8 million for the year ended 31 December 2019. According to the 2019 Annual Report, such increase was mainly attributable to the completion of the acquisition of automotive grade wireless connectivity module business (the "**Automotive-grade Wireless Connectivity Business**") by the Group in February 2019 (the "**Acquisition**"), which contributed revenue of approximately HK$455.6 million. Following the Acquisition, the Group expanded its sales region and expected to begin the integration of its Automobile-grade Wireless Connectivity Business with other businesses (including the cloud control business) with the hope of enhancing its technical abilities and solidifying its global leading position in the rapidly-developing automobile-grade wireless connectivity market through cooperation. On the other hand, sales in camera ADAS business decreased as the Group withdrew from the low gross profit product market in second half of 2019 as a result of change in sales strategy. Nevertheless, the Group expect that such downturn would be short-term and the Group's camera ADAS' capabilities would be enhanced through the cooperation with the cloud control business.

Despite the increase in revenue, loss for the year significantly increased from approximately HK$124.3 million for the year ended 31 December 2018 to approximately HK$299.3 million for the year ended 31 December 2019, which was primarily due to (i) increase in administrative expenses due to increase in depreciation and amortisation and salaries as a result of the completion of the Acquisition as well as the Acquisition related costs; (ii) increase in finance costs as a result of increase in borrowings; and (iii) increase in research and development expenses due to completion of the Acquisition and expansion of the research and development department of the Group.

Borrowings of the Group significantly increased from approximately HK$133.3 million as at 31 December 2018 to approximately HK$487.0 million as at 31 December 2019, which was primarily due to the increase in borrowings in 2019 to finance the Acquisition. While cash and cash equivalents and pledged bank deposits of the Group remained relatively stable at approximately HK$104.0 million and HK$117.3 million as at 31 December 2018 and 2019 respectively, such amount were not able to cover the net borrowings of the Group and the Group recorded net current liabilities of approximately HK$656.1 million as at 31 December 2019. To improve the financial position, the Group has taken various measures, including but not limited to the issuance of convertible bonds, disposal of subsidiaries, extension of repayment and conversion of convertible bonds, cessation of certain business in 2019 and other measures as detailed in the 2019 Annual Report. Going forward, the Group will focus on the integration of its business segments.

For the six months ended 30 June 2020, due to the outbreak of COVID-19 which caused slowdown of the global auto industry and the related supply-chain, revenue of the Group decreased from approximately HK$341.7 million for the six months ended 30 June 2019 to approximately HK$298.6 million for the six months ended 30 June 2020. Due to the decrease in revenue and the continuous increase in administrative expenses, finance costs and research and development expenses, the loss of the Group for the period escalated from approximately HK$79.1 million for the six months ended 30 June 2019 to approximately HK$176.2 million for the six months ended 30 June 2020. As a result of the dissatisfying financial results, the financial position of the Group further deteriorated with borrowings increased to approximately HK$938.8 million, cash and cash equivalents and pledged bank deposits decreased to approximately HK$83.6 million as at 30 June 2020, and net current liabilities increased to approximately HK$845.6 million.

1.2 Information on the parties to the Disposal

Information on the Vendor

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

Information on the Purchasers

Purchaser A is a limited partnership established in the PRC in 2020 and is principally engaged in investment in equities involve in advanced technology industry including intelligent and connected automobile sector. It has three partners, namely Guo Yanchao (郭彥超), Zhou Lixin (周立新) and Beijing Zhongwei YHU Equity Investment Fund Management Co., Ltd.* (北京中衛頤和股權投資基金管理有限公司) ("**Beijing Zhongwei**") and are directly interested in approximately 82.1%, 16.4% and 1.5% equity interest in Purchaser A, respectively. Beijing Zhongwei is acting as the general partner, with principal business in investment management and has four ultimate beneficial owners all being individuals. As at the Latest Practicable Date, Purchaser A, its general partner (including its ultimate beneficial owners) and the two limited partners (Guo Yanchao and Zhou Lixin) are Independent Third Parties.

Purchaser B is a limited partnership established in the PRC in 2019 and is principally engaged in investment in equities involve in data and communication services, and intelligent driving network infrastructure industry. It has two partners, namely Yangzhou Qidi Zhi Neng Wang Lian Technology Co., Ltd.* (揚州啟迪智能網聯科技有限公司) ("**Yangzhou Zhi Neng**") and Qidi Jin Fu Investment Management (Ningbo) Co., Ltd.* (啟迪金服投資管理(寧波)有限公司) ("**Qidi Jin Fu (Ningbo)**") and are directly interested in approximately 99.0% and 1.0% equity interest in Purchaser B, respectively. The ultimate beneficial owners of Yangzhou Zhi Neng are Gaoyou State-owned Assets Management Centre (高郵市國有資產管理中心), Kunshan State-owned Assets Supervision and Administration Office (昆山市政府國有資產監督管理辦公室) and Tus-Holdings. Qidi Jin Fu (Ningbo) is acting as the general partner of Purchaser B, being a connected person of the Company, which is indirectly owned as to 60.0% by Tus-Holdings. The ultimate beneficial owners of Qidi Jin Fu (Ningbo) are Tus-Holdings and Kunshan State-owned Assets Supervision and Administration Office. In turn, Purchaser B is ultimately owned as to approximately 48.5%, 38.8% and 12.7% by Gaoyou State-owned Assets Management Centre, Tus-Holdings and Kunshan State-owned Assets Supervision and Administration Office, respectively.

Purchaser C is a limited partnership established in the PRC in 2016 and is principally engaged in investment in equities involve in advanced science and technology service industry. It has five partners, namely Qidi Wang Lian Zhi Neng Technology Co., Ltd.*（啟迪網聯智能科技有限公司）(“**Qidi Wang Lian**”), Purchaser B, Suzhou Qidi Shi Shang Education Development Co., Ltd.*（蘇州啟迪時尚教育發展有限公司）(“**Suzhou Qidi**”), TusPark (Kunshan) Development Co., Ltd.*（昆山啟迪科技園發展有限公司）(“**TusPark Kunshan**”) and Ningbo Qidi Zhen Tou Investment Management Co., Ltd.*（寧波啟迪針頭投資管理有限公司）(“**Ningbo Qidi**”), and are directly interested in approximately 49.4%, 24.7%, 12.3%, 12.3% and 1.3%, respectively. Qidi Wang Lian is an indirect wholly owned subsidiary of Tus-Holdings. The ultimate beneficial owners of Suzhou Qidi are Tus-Holdings, Sino-Italy Ningbo Ecological Park Management Committee（中意寧波生態園管理委員會）, Ningbo Finance Bureau（寧波市財政局）, an individual third party and the Company. The ultimate beneficial owners of TusPark Kunshan are Kunshan State-owned Assets Supervision and Administration Office and Tus-Holdings. Ningbo Qidi is acting as the general partner of Purchaser C, being a connected person of the Company, which is indirectly owned as to approximately 26.7% by Tus-Holdings. The ultimate beneficial owners of Ningbo Qidi are Sino-Italy Ningbo Ecological Park Management Committee, Ningbo Finance Bureau, Kunshan State-owned Assets Supervision and Administration Office, an individual third party and Tus-Holdings. In turn, Purchaser C is ultimately owned as to approximately 76.0%, 12.0% and 1.7% by Tus-Holdings, Gaoyou State-owned Assets Management Centre and the Company, respectively, the remaining 10.3% is owned by five ultimate beneficial owners (including Kunshan State-owned Assets Supervision and Administration Office, Sino-Italy Ningbo Ecological Park Management Committee, Ningbo Finance Bureau and two individual third parties).

Purchaser D is a high-net-worth individual and an Independent Third Party.

Save as disclosed above, to the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, each of Purchaser A and Purchaser D and their respective ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

Information on the Minority Shareholder

The Minority Shareholder is a company incorporated in the PRC with limited liability, which is principally engaged in scientific research and technology services with 30% equity interest in the Target Company, and hence, a connected person at the subsidiary level of the Company under Chapter 14A of the Listing Rules. To the best knowledge of the Directors, as at the Latest Practicable Date, among all the ultimate beneficial owners of the Minority Shareholder, Li Jiawen（李家文）and Zhao Xiaoyu（趙曉宇）owned approximately 83.0% and 7.0% equity interest in the Minority Shareholder, respectively, whereas each of the remaining ultimate beneficial owners owned less than 5% equity interest in the Minority Shareholder. In addition, Li Jiawen is a director of the Target Company whom in turn is also a connected person at the subsidiary level of the Company under Chapter 14A of the Listing Rules.

1.3 Information on the Target Group

The Target Company is incorporated in the PRC with limited liability whose registered capital was owned as to 70% by the Vendor and as to 30% by the Minority Shareholder, and is an indirect non-wholly owned subsidiary of the Company as at the Latest Practicable Date and immediately before the completion of the Disposal. The principal business activities of the Target Group are the development of the technologies for the intelligent and connected vehicles cloud control platform.

Set out below is the extracts of the unaudited consolidated financial performance of the Target Group for the years ended 31 December 2018 and 2019 and for the six months ended 30 June 2020:

	For the year ended 31 December		For the six months ended 30 June
	2018	**2019**	**2020**
	HK$' million	*HK$' million*	*HK$' million*
Revenue	–	28.7	4.7
Loss before and after taxation	13.4	13.6	8.8

As at 30 June 2020, the unaudited consolidated net assets value of the Target Group amounted to approximately HK$55.6 million. It is expected that the Disposal will result in estimated gain on disposal of approximately HK$50.6 million with reference to the Consideration, the capital commitment to be contributed to the Target Company, the estimated taxes and transaction costs in relation to the Disposal and the unaudited net asset value of the Target Groups as at 30 June 2020.

2. Reasons for and benefits of the Disposal

According to the Letter from the Board, the Company has established the Target Company in October 2017 with an aim to develop intelligent and connect vehicles, infrastructure, pedestrians into a holistic mobility system, facilitate intelligent data exchange among mobility system and motion control, and provide big data and cloud artificial intelligence services. However, the Target Group has yet to contribute a positive return to the Group, as disclosed in the paragraph headed "Information on the Target Group" above, the Target Group recorded loss before and after taxation of approximately HK$13.4 million, HK$13.6 million and HK$8.8 million for the years ended 31 December 2018 and 2019, and for the six months ended 30 June 2020, respectively. Further, the accumulated development costs of the Target Group being capitalised amounted to approximately RMB70.8 million. According to the estimation of the Directors, based on best-case scenario, the Target Group is required to further incur not less than approximately RMB55.0 million in research and development, to fulfill the schedule of product development in respect of contracts and pipeline on hand.

In addition, despite that the internet of vehicles (the "**Internet of Vehicles**") industry is gradually evolving in China, and the Company strives to actively developing the vehicle cloud control platform for intelligent and connected vehicles and its applications with an aim to penetrate the market. The applications for the vehicle cloud control platform relies heavily on the development and capability of the big data as well as the 5G network. The Directors are of the view that, most of the 5G Internet of Vehicles applications, in particular the vehicles cloud control platform, is currently in exploratory stage and only limited to the demonstration of its applications, and it is still a ways off before the market is truly mature coping with the large-scale commercial applications. Under such circumstances, having considered that the net assets value of the Target Group is amounted to approximately HK$55.6 million as at 30 June 2020, on this basis, the Consideration of RMB105 million represents a premium of approximately 122.1% over the Company's equity interest of 70% on the consolidated net assets value (after taking into consideration the capital commitment of RMB17.0 million to be contributed to the Target Company) of the Target Group. In view of the financial position of the Group, the Directors consider that, the Disposal provides an opportunity for the Company to realise its investment in a loss-making operation at premium, whilst to dispense with extensive capital requirements for the continuous development of the Target Group.

According to the 2019 Annual Report, the Group reported net loss of approximately HK$301.3 million for the year ended 31 December 2019. In addition, as disclosed in the 2020 Interim Report, the Group had net debt position of approximately HK$955.8 million (being borrowings and convertible bonds net of cash and cash equivalents) as at 30 June 2020. The Directors have taken into consideration multiple options to strengthen the financial position of the Group, including the Disposal, which in turn able to provide an immediate additional source of fund for the repayment of the short-term borrowings of the Group, and therefore, improve the net debt position of the Group.

For our due diligence purpose, we have obtained and reviewed the internal budgeting on the Target Group, and noted that an additional development costs of no less than approximately RMB55.0 million is required for the Target Group to deliver a positive return to investments by 2023. In other words, the accumulated investment of the Group in Target Group is not expected to be payback in the next three years. On the other hand, the Group recorded substantial increase in research and development expenses and administrative expenses following completion of the Acquisition. Upon our enquiries, we understand that the Automotive-grade Wireless Connectivity Business was underperformed in 2019 as compared to the Group's expectation, which was mainly due to (i) the penetration of the Automotive-grade Wireless Connectivity Business into the market of PRC was not as successful as expected due to increase in geopolitical risk and temporary downturn in global economy; (ii) keen price competition and supply chain interruption which caused the increase in production costs; and (iii) less project was awarded to the Automotive-grade Wireless Connectivity Business and hence less research and development expenses were eligible for capitalised, and as a result the financial performance of the Group continued to deteriorated in the six months ended 30 June 2020. To support the continuing operation of the Group and provide funding for developing the Group's other major businesses, the Group has taken various measures, including but not limited to disposal of subsidiaries, to improve its financial position and liquidity position, and hence the Disposal is in line with the business strategy of the Group. As advised by the Directors, the Directors expect that the net proceeds from the Disposal of approximately HK$89.5 million will be fully used by the Company for repayment of its borrowings.

Having considered (i) the intended use of proceeds for repayment of the Group's borrowings will improve the net debt position and gearing ratio of the Group; (ii) the instant cash inflow of RMB105 million upon completion of the Disposal; (iii) to dispense with extensive capital requirements for the continuous development of the Target Group and focus on other existing lines of businesses of the Group; and (iv) the Consideration represents a premium of 122.1% over the Company's equity interest of 70% on net assets value (after taking into consideration the capital commitment of RMB17.0 million to be contributed to the Target Company) of the Target Group, the Board believes that it is a good opportunity to dispose of the Target Company at the agreed price and report an estimated gain (after deducting the relevant taxes and expenses) of approximately HK$50.6 million to the Group, which would also allow the Group to reduce the debt level and therefore improve the liquidity and overall financial position of the Group.

Based on the above, in particular (i) the financial results and position of the Group; (ii) the funding and working capital requirement of the Group; (iii) the operations results and the expected funding requirement of the Target Group; and (iv) the Consideration represents a significant premium to the consolidated net assets value of the Target Group, we concur with the Directors that the Disposal is in the interests of the Company and the Independent Shareholders as a whole.

3. The Equity Transfer Agreement

3.1 Principal terms of the Equity Transfer Agreement

Set out below are the principal terms of the Equity Transfer Agreement:

Date

14 September 2020

Parties

(a) the Vendor;

(b) the Purchasers;

(c) the Target Company; and

(d) the Minority Shareholder

Assets to be disposed of

As at the Latest Practicable Date, the Target Company, an indirect non-wholly owned subsidiary of the Company held through the Vendor, an indirect wholly owned subsidiary of the Company, is owned as to 70% by the Vendor and 30% by the Minority Shareholder. Upon completion, the Target Company will be owned as to 70% by the Purchasers and 30% by the Minority Shareholder, whereby as the Company indirectly holds as to approximately 1.7% equity interest in Purchaser C which in turn will indirectly holds as to approximately 0.4% equity interest in the Target Company, hence the Target Company will cease to be an indirect non-wholly owned subsidiary of the Company.

Consideration

Pursuant to the Equity Transfer Agreement, the Consideration of RMB105.0 million (equivalent to approximately HK$115.5 million), shall be settled by the Purchasers in the following manner:

(i) RMB45.0 million in cash by Purchaser A, shall be payable as to (i) RMB6.0 million within 15 Business Days after the signing of the Equity Transfer Agreement; and (ii) RMB39.0 million within three Business Days after the fuilfillment of the conditions precedent (1), (2) and (3) to the Equity Transfer Agreement;

(ii) RMB13.5 million in cash by Purchaser B, which had been paid by Purchaser B to the Vendor prior to the signing of the Equity Transfer Agreement;

(iii) RMB31.5 million in cash by the Purchaser C, which had been paid by Purchaser C to the Vendor prior to the signing of the Equity Transfer Agreement; and

(iv) RMB15.0 million in cash by Purchaser D, shall be payable as to (i) RMB2.0 million within 15 Business Days after the signing of the Equity Transfer Agreement; and (ii) RMB13.0 million within three Business Days after the fulfillment of the conditions precedent (1), (2) and (3) to the Equity Transfer Agreement.

Moreover, pursuant to the Equity Transfer Agreement, the Vendor shall complete its contribution of RMB17.0 million to the Target Company, within two Business Days after receiving the Consideration in full from the Purchasers.

Details with regard to the other terms of the Equity Transfer Agreement are set out under the paragraph headed "The Equity Transfer Agreement" in the Letter from the Board.

3.2 Basis of determination of the Consideration

As disclosed in the Letter from the Board, the Consideration shall be RMB105 million (equivalent to approximately HK$115.5 million), which was determined after arm's length negotiations between the Vendor and the Purchasers with reference to, among other things, (i) the unaudited consolidated net assets value of the Target Group of approximately HK$55.6 million as at 30 June 2020; (ii) the paid-up capital of approximately RMB53.1 million by the Vendor to the Target Company as at 30 June 2020 and the expected capital contribution of RMB17.0 million; (iii) the current and expected market condition of the industry in which the operations of the Target Group is participating; and (iv) the reasons for and benefits of the Disposal as set out in the section headed "6. Reasons for and benefits of the Disposal" in the Letter from the Board.

Having considered (i) the operations results of the Target Group being loss making; (ii) the proceeds from the Disposal is intended to be utilised as immediate additional source of fund for the repayment of the short-term borrowings of the Group; (iii) the expected funding requirement of the Target Group; and (iv) it is not uncommon to determine the consideration for disposal or acquisition of a loss making company with reference to its net assets value or paid-up capital, we consider the basis of determination of the Consideration to be fair and reasonable.

Comparison with comparable companies

Price-to-earnings ratio ("**P/E**") and price-to-book ratio ("**P/B**") are the most commonly used benchmarks. However, as the Target Group was loss making during its latest financial year, the P/E is therefore not applicable. Given that the Consideration was determined with reference to, among others, the unaudited consolidated net asset value of the Target Group, we therefore adopted the P/B analysis to assess the fairness and reasonableness of the Consideration.

For the purpose of our analysis, we have searched for companies listed on the Stock Exchange which are engaged in similar lines of business as the Target Group, being the development of technologies for the intelligent and connected vehicles cloud control platform business. As we could not identify any company that were engaged in this business, we have extended our search to include listed companies on the Stock Exchange principally engaged in the provision of information technology solutions with cloud services, and with at least half of their revenue in their respective latest financial year derived from such business for comparison. To the best of our knowledge and as far as we are aware of, we have identified four companies (the "**Comparables**") that met the said criteria, which represented an exhaustive list. The table below illustrates the details of the Comparables based on their closing prices as at the date of the Equity Transfer Agreement and their latest published financial information:

Company name	Stock code	Principal business	P/B (times)
Chinasoft International Limited	354	The principal activities of the group is development and provision of information technology solutions services, IT outsourcing services, IT emerging services and training services.	1.9
Vixtel Technologies Holdings Limited	1782	The group is principally engaged in providing application performance management solutions in Mainland China.	1.4
Future Data Group Limited	8229	The goup is engaged in the provision of (i) integration of systems with network connectivity, cloud computing and security elements; (ii) maintenance service in Korea and Hong Kong; and (iii) cyber security services in Korea and Hong Kong.	0.5
Powerleader Science & Technology Group Limited	8236	The group is a cloud computing solutions supplier in the PRC with self-innovation capability; it operates in the PRC and Hong Kong, and is mainly engaged in: (i) server, storage and solutions supplier; (ii) electronic equipment and accessories (non-server and storage) distribution business; (iii) Guangzhou internet data centre business; (iv) development and operating of industrial park and property management business; and (v) industrial investment business (non-server and storage).	0.4
		Maximum	**1.9**
		Minimum	**0.4**
		Average	**1.0**
The Disposal *(Note)*			**2.6**

Source: The website of the Stock Exchange (www.hkex.com.hk)

Note: the implied P/B of the Consideration was calculated based on the Consideration, the expected capital contribution of RMB17.0 million and 70% of the Target Group's net assets value as at 30 June 2020.

As shown from the table above, the P/Bs of the Comparables ranged from approximately 0.4 times to 1.9 times and their average is approximately 1.0 times. The implied P/B of the Disposal of 2.6 time is hence above the entire range of the Comparables. In view of the implied P/B of the Disposal being higher than all the Comparables and having considered the loss making financial results of the Target Group, we consider the Consideration to be fair and reasonable so far as the Independent Shareholders are concerned.

Based on the above and the basis of determination of the Consideration being fair and reasonable, we are of the view that the Consideration and the terms and conditions of the Equity Transfer Agreement are fair and reasonable so far as the Independent Shareholders are concerned and the transactions contemplated thereunder are in the interests of the Company and the Independent Shareholders as a whole.

4. Possible financial effects of the Disposal

Upon completion of the Disposal, the Target Company would cease to be a subsidiary of the Company and the assets and liabilities and results of operation of the Target Group would no longer be consolidated into the consolidated financial statements of the Group.

(a) Net assets value

With reference to the Letter from the Board, the Group expects to record a net gain (after deducting the relevant taxes and expenses) of approximately HK$50.6 million as a result of the Disposal, which represents the difference between the Consideration and the attributable portion of the unaudited net assets value of the Target Group as at 30 June 2020, less the capital commitment to be contributed to the Target Company of RMB17.0 million (equivalents to approximately HK$18.7 million), and the estimated taxes and expenses of approximately HK$7.3 million. Given that the Consideration of RMB105 million (equivalent to approximately HK$115.5 million) and the expected gain, it is expected that the Disposal would increase the net assets value of the Group upon completion of the Disposal attributed to the increase in cash and cash equivalents as the Consideration will be settled by way of cash.

(b) Earnings

Based on the management accounts of the Target Group, the Target Group has been loss making. Given the Group expects to record a net gain (after deducting the relevant taxes and expenses) of approximately HK$50.6 million as a result of the Disposal, it is expected that the earnings of the Group will improve.

(c) Gearing

According to the 2019 Annual Report, the gearing ratio is calculated as total of debts divided by the total equity, whereas total of debts is calculated as the total of borrowings and convertible bonds. Since the Disposal is expected to increase total equity of the Group and the proceeds will be used for repayment of borrowings, the Group's gearing ratio is expected to decrease upon completion of the Disposal.

RECOMMENDATION

Having considered the principal factors and reasons as discussed above, we are of the view that although the entering into of the Equity Transfer Agreement is not in the ordinary and usual course of business of the Group, the terms of the Equity Transfer Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the entering into of the Equity Transfer Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the relevant resolution to be proposed at the EGM to approve the Equity Transfer Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited
Joshua Liu
Managing Director

Mr. Joshua Liu is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 20 years of experience in the securities and investment banking industries.

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements, together with the accompanying notes to the financial statements, of the Group for the years ended 31 December 2018 and 2019 and the unaudited consolidated interim report of the Group for the six months ended 30 June 2020 are disclosed in the following documents which have been published on the website of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.tus-i.com):

Annual report for the year ended 31 December 2018 (pages 70 to 191):
https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0416/ltn20190416261.pdf

Annual report for the year ended 31 December 2019 (pages 82 to 205):
https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0528/2020052801319.pdf

Interim report for the six months ended 30 June 2020 (pages 4 to 41):
https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0924/2020092400440.pdf

2. INDEBTEDNESS

The Group

As at the close of business on 31 July 2020, being the latest practicable date for the purpose of preparing this statement of indebtedness of the Group prior to the printing of this circular, the Group had the following indebtedness:

	HK$'million
Borrowings	931.5
Convertible bonds	98.3
Lease liabilities	21.3
Total	1,051.1

Borrowings	*HK$'million*
Secured borrowings	370.1
Unsecured borrowings	561.3
Total	931.4

i. short-term secured bank borrowings of approximately HK$75.5 million carries fixed interest rate ranged from 4.35% to 6.00% per annum and repayable within one year and of which approximately HK$31.1 million were secured by personal guarantee given by a director of the subsidiary while the remaining HK$44.4 million were secured by pledging certain financial assets at fair value through other comprehensive income (FVTOCI) of the Group.

ii. secured bank borrowings of approximately HK$294.6 million carries variable interest rate at LIBOR + 2.45% per annum which effective interest rate at 4.35% which is secured by certain receivables and the entire issued share capital of certain subsidiaries and guaranteed by the ultimate holding company and immediate holding company of the Company. The bank borrowing was a 3 years fixed term loan, it was classified as repayment on demand because of failure to fulfil certain financial covenants as stated in the loan agreement. Up to the date of this circular, the Group has actively negotiated with the relevant banks to obtain the waiver for strict compliance on the relevant financial covenant requirements.

iii. other borrowings of approximately HK$141.3 million were unsecured, repayable within one year and carries fixed interest rate ranged from 4.35% to 14.00% per annum.

iv. other borrowings of HK$250.0 million were reclassified from convertible bonds which were due on 9 June 2020 give the conversion rights lapsed on 9 June 2020. The amount was unsecured, carrying interests at 15.00%. The directors of the Company are under negotiation with the bondholders on a transitional repayment schedule.

v. other borrowings of HK$170.0 million were secured by a corporate guarantee provided from a subsidiary of one of the shareholders of the Company. The borrowings carry interests at 12.00% and are repayable within one year.

Convertible bonds

As at 31 July 2020, the Group also had outstanding unsecured convertible bonds issued by the Company with an aggregate carrying amount of approximately HK$98.3 million, with coupon rate of 0% and due in the years 2023 and 2025.

Lease liabilities

As at 31 July 2020, the Group had lease liabilities (comprising both current and non-current liabilities) of approximately HK$21.3 million.

Pledge of assets

As at 31 July 2020, bills payable were pledged with bank deposits and bills receivable amounting to approximately HK$3.1million and HK$6.7 million, respectively. In addition, certain financial assets at FVTOCI and all shares of the certain subsidiaries were pledged for certain banking facilities. Save as disclosed elsewhere, the Group had no other significant pledge of assets as at 31 July 2020.

Contingent liabilities

As at 31 July 2020, the Group had no material contingent liabilities.

3. WORKING CAPITAL SUFFICIENCY

As at 30 June 2020, the Group's current liabilities exceeded its current assets by approximately HK$ 845.6 million. In addition, the Group had outstanding borrowings of approximately HK$938.8 million which were due for repayment or renewal in the next 12 months after 30 June 2020. Details of the financing measures undertaken by the Directors to finance the working capital of the Group for at least the next 12 months from the date of this circular are set out below:

(a) The Group has been actively negotiating with lenders to secure the renewals of the Group's borrowings to meet its liabilities when fall due;

(b) The Group is under advanced negotiation with a bank on waiver of strict compliance on certain financial covenant requirements under a facility agreement. In addition, a proposed loan restructuring is under assessment with an aim to improve the gearing position of certain business units of the Group. Such proposals may enhance the overall operating effectiveness and efficiency as well as individual financing ability of the concerned business units;

(c) The written confirmations received from Tuspark Venture dated 15 March 2020 and 21 September 2020 and Tus-Holdings dated 20 May 2020, respectively. As disclosed in the annual report of the Company for the year ended 31 December 2019, Tuspark Venture will provide financial support to the Group in the following 24 months on a going concern basis from the date of the confirmation;

(d) The Group signed an agreement to obtain a short-term loan from a financial institution for general working capital purpose;

(e) The Group has been taking continuous measures to tighten cost controls over production costs and expenses, particularly research and development expenses and general operating expenses with an aim to reduce negative operating cash outflows. Such measures include corporate and organisational restructuring of certain business units, strategic re-positioning of products development, focused markets development on existing customers and expansion to potential niche markets;

(f) The Group disposed certain financial assets at fair value through other comprehensive income and disposed certain non-core business segment for the six months ended 30 June 2020. Such disposals provided the Group with additional available financial resources and enhanced the Group's overall strategic position. The Group may dispose other businesses and/or financial assets, if required;

(g) In respect of convertible bonds which were due on 9 June 2020, the Group and the bondholders are under advanced negotiation on a transitional repayment schedule; and

(h) The Group is actively seeking additional financing including but not limited to shareholder's loan, equity financing, borrowings and issuance of new convertible bonds to improve the liquidity of the Group.

In the opinion of the Directors, in light of the various measures or arrangements implemented, the Group will have sufficient working capital for its current requirements for at least 12 months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

The outbreak of coronavirus disease 2019 (COVID-19) has caused disruptions to many industries worldwide. Despite the challenges, governments and international organisations have implemented a series of measures to contain the pandemic. The Group will closely monitor the development of the outbreak and assess its impact on its operations, financial position and operating results. As at the date of this circular, such assessment is still ongoing.

Saved as disclosed above, as at the Latest Practicable Date, and save as disclosed in the interim report of the Company for the six months ended 30 June 2020, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in research and development, production and sale of advanced driving assistance system ("**ADAS**") products and automotive-grade wireless connectivity modules. ADAS products, ranging on the spectrum of active (control) and passive (warning), include around view monitoring, lane departure warning, forward collision warning, pedestrian detection, night vision, blind spot detection, driver fatigue monitoring and other ADAS-related technologies. Automotive-grade wireless connectivity modules are electronic modules that connect cars and infrastructure via wireless communication such as cellular networks (2G, 3G, 4G/LTE, LTE-A and in the future 5G technology) as well as per vehicle to vehicle and vehicle to everything (V2X) communication schemes.

Given the uncertain impact of the Pandemic on the global economy and auto industry, China Association of Automobile Manufactures ("**CAAM**") further projected that production and sale of automobile in the PRC in 2020 will be less than that in 2019. Further, as a result of rising geopolitical risks and volatile financial markets in the countries and regions in which the Group's businesses operates, there remains an uncertainty as to whether the automotive-grade wireless connectivity business, which the Group acquired on 27 February 2019, may further penetrate the PRC market as originally expected in the short run. The Directors will strive to ensure that the Group closely monitors the development of economic and political factors to assess the exposure of geopolitical risks, and to formulate appropriate response strategies. Notwithstanding, the Directors are of the view that prioritising resources allocation of the Group on balancing among financial liquidity and business continuity will be of the best interest of the shareholders of the Company as a whole in the long run. In addition, the Group is implementing cautious measures to balance among its working capital requirement, product development and market expansion.

Short-term strategies implemented by the Group include continuous tightened cost controls as well as product and market re-positioning which aim to enhance operating efficiency and effectiveness while not deteriorating valuable business opportunities. Further, the Group will maintain its competitiveness through capturing the market share in camera-based ADAS business in the PRC and leveraging on the synergistic effect of automotive-grade wireless connectivity business with an aim to further penetrate the PRC market; as well as 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.

In the long run, the Group will strengthen its market position by specialising its research and development capabilities and collaborating with members of National Innovation Center in the development and commercialisation of various forward looking and common technologies.

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 Company. 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 document 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 the issued share capital of the Company *(Note 2)*
Mr. Ma Chi Kong Karl	Beneficial owner	210,718,000 (L)	10.21%
("**Mr. Ma**")	Beneficial owner *(Note 3)*	100,000,000 (L)	4.85%

Notes:

1. The letter "L" denotes the person's long position in the 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.

(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
Executive Director				
Mr. Ma	9,280,000	12 October 2016	0.822	12 October 2017 to 11 October 2026
	9,280,000			
Non– executive Directors				
Mr. Du Peng ("**Mr. Du**")	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
	13,920,000			
Mr. Tsang Ling Biu, Gilbert	4,640,000	22 January 2016	0.820	22 January 2017 to 21 January 2026
	4,640,000			
Total	27,840,000			

(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 interest 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 the issued share capital of the Company** *(Note 2)*
Tuspark Venture	Beneficial interest *(Note 3)*	600,255,670 (L)	29.09%
Tus-Holdings	Interests of controlled corporation *(Note 3)*	600,255,670 (L)	29.09%
Beijing Baijun Investment Company Limited ("**Beijing Baijun**")	Interests of controlled corporation *(Note 4)*	600,255,670 (L)	29.09%
Wang Jiwu	Interests of controlled corporation *(Note 4)*	600,255,670 (L)	29.09%
Tsinghua Holdings Co., Ltd. ("**Tsinghua Holdings**")	Interests of controlled corporation *(Note 4)*	600,255,670 (L)	29.09%
Tsinghua University	Interests of controlled corporation *(Note 4)*	600,255,670 (L)	29.09%
E-Town International Holding (Hong Kong) Co., Limited ("**E-Town HK**")	Beneficial interest *(Note 5)*	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) ("**E-Town BJ**")	Interests of controlled corporation *(Note 5)*	387,080,868 (L)	18.76%

* *For identification purposes only*

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. Tuspark Venture was also beneficially interested in the 0% coupon convertible bonds due 2025 in the principal amount of HK$89,882,500 which was convertible into 147,735,865 shares at the conversion price of HK$0.6084 per share (subject to adjustment(s)). 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) 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.

Except for (a) Mr. Du, who is a non-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' INTERESTS 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 2019 (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 Equity Transfer 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 entered into or proposed to enter into a service contract with any member of the Group which will not expire or is not determinable within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' COMPETING INTEREST

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with business of the Group, or had or might have any other conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

6. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claim of material importance and, so far as the Directors were aware, no litigation or claim of material importance was pending or threatened against any member of the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into the ordinary course of business of the Group) have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

(a) the Equity Transfer Agreement;

(b) a disposal agreement entered into between Quan Tai Limited ("**Quan Tai**") and Goldbond Investment Group Limited ("**Goldbond Investment**") on 26 June 2020 pursuant to which Quan Tai had conditionally agreed to sell 51% of the issued share capital of Optimus Financial Group Limited to Goldbond Investment at an aggregate consideration of HK$41,800,000;

(c) a disposal agreement entered into between Suzhou Qiyixin Enterprise Management Co., Ltd.*(蘇州企億信企業管理有限公司)("**Suzhou Qiyixin**") and Yadu Technology Group Co., Ltd.*(亞都科技集團有限公司)("**Yadu Technology**") and Suzhou Yadu Cloud Technology Co. Limited*(蘇州亞都雲科技有限公司)("**Suzhou Yadu**") on 12 April 2019 pursuant to which Suzhou Qiyixin had conditionally agreed to sell 51%equity interest in Suzhou Yadu to Yadu Technology at the consideration of RMB40.8 million; and

(d) a subscription agreement entered into between the Company and Tuspark Venture on 11 January 2019, pursuant to which Tuspark Venture conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, (a) 239,345,003 new shares at the subscription price of HK$0.6084 per Share and (b) the convertible bonds in the aggregate principal amount of HK$89,882,500 at the total consideration representing 100% of the principal amount which may be converted into 147,735,865 conversion shares at the initial conversion price of HK$0.6084 per Share (subject to adjustments).

8. QUALIFICATIONS OF EXPERT AND CONSENT

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

Name	**Qualification**
Lego Corporate Finance	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Lego Corporate Finance did not have any interest in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group nor did it have any interest, either direct or indirect, in any assets which have been since the date to which the latest published audited financial statements of the Group were made up (i.e. 31 December 2019), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by any member of the Group.

Lego Corporate Finance had given and had not withdrawn its written consent to the issue of this circular, with the inclusion herein of its letter of advice and references to its name and/or its advice in the form and context in which they are included.

9. GENERAL

(i) The company secretary of the Company is Mr. Cheng Him Shun Hilson, who is a member of CPA Australia and Hong Kong Institute of Certified Public Accountants.

(ii) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

(iii) The principal place of business of the Company in Hong Kong is at Room 707-711, TusPark Workhub, 118 Wai Yip Street, Kwun Tong, Hong Kong.

(iv) 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.

(v) 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.

(vi) This circular is in both English and Chinese. If there is any inconsistency, the English text shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the offices of Room 707-711, TusPark Workhub, 118 Wai Yip Street, Kwun Tong, Hong Kong, for a period of 14 days from the date of this circular:

(i) the memorandum and articles of association of the Company;

(ii) the Equity Transfer Agreement;

(iii) the letter from the Independent Financial Adviser, the text of which is set out in this circular;

(iv) the annual reports of the Company for the years ended 31 December 2018 and 2019;

(v) the interim report of the Company for the six months ended 30 June 2020;

(vi) the material contracts set out in the section headed "7. Material Contracts" in this Appendix;

(vii) the written consent referred to in the section headed "8. Qualifications of Expert and Consent" in this Appendix; and

(viii) this circular.

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TUS INTERNATIONAL LIMITED
啟迪國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 872)

NOTICE OF EGM

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**Meeting**") of the shareholders of TUS International Limited (the "**Company**") will be held at Executive Boardroom, 20/F, Central Tower, 28 Queen's Road, Central, Hong Kong at 10:00 a.m. on 14 October 2020 for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolution as ordinary resolution:

ORDINARY RESOLUTIONS

1. "**THAT**

   a. the equity transfer agreement (the "**Equity Transfer Agreement**") dated 14 September 2020 entered into between TUS Yunzhi Technology (Beijing) Limited*（啟迪雲智科技（北京）有限公司）, a wholly-owned subsidiary of the Company as vendor (the "**Vendor**"), Qingdao YHU Jing Pan Equity Investment Partnership (Limited Partnership)*（青島頤和晶磐股權投資合夥企業（有限合夥））as purchaser A (the "**Purchaser A**"), Yangzhou Qidi Zhi Wang Investment Centre (Limited Partnership)*（揚州啟迪智網投資中心（有限合夥））as purchaser B (the "**Purchaser B**"), Suzhou Shui Mu Shi Shang Investment Centre (Limited Partnership)*（蘇州水木時尚投資中心（有限合夥））as purchaser C (the "**Purchaser C**"), Huang Bing Qian (黃冰倩）as purchaser D (the "**Purchaser D**"), Tianjin Qingyun Intelligent Control Technology Limited*,（天津清雲智控科技有限公司）as the minority shareholder of the Target Company (the "**Minority Shareholder**"), and TUS Cloud Control (Beijing) Technology Limited（啟迪雲控（北京）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 70% equity interest in the Target Company by the Vendor to the Purchasers and the transaction contemplated thereby (collectively, the "**Disposal**"), the details of which are set out in the circular of the Company dated 25 September 2020 (the "**Circular**"), be and is hereby approved, confirmed and ratified;

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 Equity Transfer Agreement and the transaction 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 Equity Transfer Agreement, or the granting of waivers of any matters contemplated thereby that are, in the Director's opinion, not fundamental to the transaction 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, 25 September 2020

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:
14-17/F, Block A,
Tsinghua University
Science Park Innovation Plaza
Beijing, PRC

Principal place of business in Hong Kong:
Room 707-711, 7/F,
TusPark Workhub,
118 Wai Yip Street, Kwun Tong
Hong Kong

Notes:

1. In view of the outbreak of the coronavirus (COVID-19) pandemic and recent requirements for prevention and control of its spread, the Company will implement certain measures at the Meeting, details of which are set out in the section headed "Precautionary Measures for the EGM" on cover page of the Circular, to safeguard the health and safety of the attending shareholders of the Company, staff and other stakeholders.

   The Company will keep the evolving COVID-19 situation under review and may implement additional measures which it will announce closer to the date of the Meeting.

2. 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.

3. 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 no later than 10:00 a.m., 12 October 2020 (i.e. not less than 48 hours before the time appointed for the Meeting (or any adjournment thereof)).

4. 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.

5. 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.

6. 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 8 October 2020.

7. 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.

8. In view of the travelling restrictions imposed by various jurisdictions including Hong Kong to prevent the spread of the COVID-19, certain Director(s) of the Company may attend the Meeting through telephone or video conference or similar electronic means.

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