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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

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

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.

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啟迪國際  
TUS INTERNATIONAL

**TUS INTERNATIONAL LIMITED**

啟迪國際有限公司

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

**(Stock Code: 872)**

**CONNECTED TRANSACTION  
ISSUE OF CONVERTIBLE BOND UNDER SPECIFIC MANDATE;  
RE-ELECTION OF RETIRING DIRECTOR  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



Gram Capital Limited  
嘉林資本有限公司

**CM SECURITIES (HONGKONG) COMPANY LIMITED**

**(Sole Lead Arranger)**

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A letter from the Board (as defined herein) is set out on pages 7 to 35 of this circular. A letter from the Independent Board Committee (as defined herein) containing its recommendation to the Independent Shareholders (as defined herein) is set out on pages 36 to 37 of this circular. A letter from Gram Capital, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 38 to 55 of this circular.

A notice convening an extraordinary general meeting of the Company (the “EGM”) to be held at Regus Conference Centre, 35/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Thursday, 13 April 2017 at 2:30 p.m. is set out on pages EGM-1 to EGM-3 of this circular.

A form of proxy for use at the EGM is also enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying 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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, 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 adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting at the EGM or any adjourned meeting (as the case may be) should you so wish and, in such event, the instructions appointing a proxy should be deemed to be revoked.

27 March 2017

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings unless the context requires otherwise:*

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bond Instrument”	the instrument to be executed by way of deed poll by the Company constituting the Convertible Bond
“Business Day(s)”	means a day other than a Saturday or Sunday or such a day being a holiday adjusted by the government on which commercial banks are open for business in Hong Kong and the PRC
“Closing”	completion of the subscription for the Convertible Bond in accordance with the terms of the Subscription Agreement
“Closing Date”	the date of the Closing
“CMSI”	CM Securities Investment Limited, a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment. It is a wholly owned subsidiary of China Minsheng Financial Holding Corporation Limited whose shares are listed on main board of the Stock Exchange (stock code: 245)
“CM Securities” or “Sole Lead Arranger”	CM Securities (Hongkong) Company Limited, a licensed corporation to carry out Type 1 (advising on securities) regulated activity under the SFO, the sole lead arranger in respect of the Subscription
“Company”	TUS International Limited ( 啟迪國際有限公司 ), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 872)

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## DEFINITIONS

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“Conditions”	the conditions of the subscription for the Convertible Bond
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Conversion Period”	any time after the Issue Date up to the close of business on seven Business Days prior to the Maturity Date or, if notice requiring redemption has been given by a bondholder, then up to the close of business on the day prior to the giving of such notice
“Conversion Price”	price per Share at which Shares will be issued upon exercise of the Conversion Rights, such price initially being HK\$0.9103 per Share (being 130% of the volume weighted average price of the Shares for up to ten (10) consecutive trading days prior to the signing of the Subscription Agreement), but subject to adjustment in accordance with the terms of the bond instrument
“Conversion Share(s)”	the Share(s) which may fall to be allotted and issued upon exercise of the Conversion Rights attaching to the Convertible Bond
“Convertible Bond”	each convertible bond issued pursuant to the Subscription Agreement which shall be in the principal amount stated on the certificate for such Convertible Bond, and where the context so requires, the Convertible Bonds
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

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## DEFINITIONS

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“EGM”	the extraordinary general meeting of the Company to be convened and held at Regus Conference Centre, 35/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Thursday, 13 April 2017 at 2:30 p.m. to consider and, if thought fit, approve (1) the Subscription Agreement and the transaction contemplated, including the Specific Mandate for the allotment and issue of the Conversion Shares falling to be issued upon the exercise of the conversion rights attaching to the Convertible Bond thereunder (including but not limited to the Specific Mandate) and (2) the re-election of retiring Director
“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder
“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 PRC
“Independent Board Committee”	a committee comprising all the independent non-executive Directors of the Company formed for the purpose of advisory the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder (including the Subscription)
“Independent Shareholders”	Shareholders other than Tuspark Venture and Mr. Ma Chi Kong Karl and their respective associates and/or concert parties who are involved interested in the Subscription
“Interest Payment Date”	every six months from the Issue Date till Maturity Date

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## DEFINITIONS

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“Issue Date”	the date of the instrument of the Convertible Bond
“Last Trading Day”	28 February 2017, being the last trading day preceding the signing of the Subscription Agreement
“Latest Practicable Date”	23 March 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 September 2017
“Maturity Date”	which being the date falling on the second anniversary of the Issue Date, subject to the Company discretion to extend for one additional year
“Munsun Smart”	Munsun Smart Mobility Fund LP
“PRC”	the People’s Republic of China which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prior Convertible Bond”	the convertible bond in the principal sum of HK\$61,000,000 as part payment of the consideration to Ideal Team Ventures Limited for the acquisition of the 7.88% equity interest in Sino Partner Global Limited issued by the Company on 16 May 2016
“SFO”	Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)

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## DEFINITIONS

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“Specific Mandate”	a specific mandate to be sought from the Independent Shareholders at the EGM to authorise the Board to issue and allot the Conversion Shares pursuant to the Subscription Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	Tuspark Venture, Munsun Smart and CMSI
“Subscription”	the subscription for the Convertible Bond by each of Tuspark Venture, Munsun Smart and CMSI pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 1 March 2017 entered into between the Company, Tuspark Venture, Munsun Smart, CMSI and CM Securities relating to (among other) the Subscription of the Convertible Bond by Tuspark Venture, Munsun Smart and CMSI, and the issue of the Convertible Bond by the Company
“Subscription Amount”	HK\$100,000,000
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers and Share Buy-backs, as amended from time to time
“Total Subscription Amount”	HK\$300,000,000
“Trading Day(s)”	means a day when the Stock Exchange is open for dealing business, provided that if no Closing Price is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have existed when ascertaining any period of dealing days

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## DEFINITIONS

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“TUS-Holdings”	啟迪控股股份有限公司 Tus-Holdings Co., Ltd.*, the immediate holding company of Tuspark Venture
“Tuspark Venture”	Tuspark Venture Investment Ltd. (啟迪創投有限公司), a substantial Shareholder holding 212,490,802 Shares, representing approximately 22.89% of the issued share capital of the Company as at the Latest Practicable Date
“%”	per cent.

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

*In the event of any inconsistency, the English text of this circular and the accompanying form of proxy shall prevail over the Chinese text.*

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## LETTER FROM THE BOARD

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啟迪國際  
TUS INTERNATIONAL

### TUS INTERNATIONAL LIMITED

啟迪國際有限公司

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

**(Stock Code: 872)**

*Board of Directors*

***Executive Directors***

Mr. Ma Chi Kong Karl (*Chairman*)

Mr. Shen Xiao

Mr. Yang Ming

Mr. Du Peng

Mr. Woo Kar Tung Raymond

Ms. Cheung Joanna Wai Sze

***Non-executive Directors***

Mr. Tsang Ling Biu, Gilbert

Mr. Sheng Ruzhi

***Independent non-executive Directors***

Hon. Quat Elizabeth (*JP*)

Mr. Chen Jin

Mr. Poon Chiu Kwok

Mr. Wong Yuk Lun, Alan

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

Room 707, Tower A, SP Tower,  
Tsinghua University Science Park,  
No. 1 Zhongguancun East Road,  
Haidian District, Beijing, PRC

***Principal place of business  
in Hong Kong***

Room 1301, Prosperity Tower,  
39 Queen's Road Central,  
Central, Hong Kong

***Registered office***

Cricket Square,  
Hutchins Drive,  
P.O. Box 268,  
Grand Cayman KY1-111,  
Cayman Islands

27 March 2017

*To the Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTION  
ISSUE OF CONVERTIBLE BOND UNDER SPECIFIC MANDATE;  
RE-ELECTION OF RETIRING DIRECTOR  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**1. INTRODUCTION**

Reference is made to the announcement of the Company published on 1 March 2017 (the “**Announcement**”) and a further announcement of the Company published on 10 March 2017 in relation to the Subscription involving the issue of Convertible Bond, which constitutes a connected

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## LETTER FROM THE BOARD

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transaction of the Company under Chapter 14A of the Listing Rules. The Board proposes to seek the approval of the Independent Shareholders for the Subscription Agreement and the transactions contemplated thereunder, including the issue of Convertible Bonds and the allotment and issue of the Conversion Shares falling to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds under the Specific Mandate and re-election of retiring Director.

The purpose of this circular is to provide you with, among others:

- (a) details of the Subscription Agreement and the transactions contemplated thereunder;
- (b) the recommendations of the Independent Board Committee in relation to the Subscription Agreement and the transactions contemplated thereunder;
- (c) the recommendations of Gram Capital in relation to the Subscription Agreement and the transactions contemplated thereunder;
- (d) details of the Director proposed to be re-elected at the EGM; and
- (e) the notice of the EGM.

### **2. PROPOSED ISSUE OF CONVERTIBLE BOND UNDER SPECIFIC MANDATE**

On 1 March 2017 (after market close), the Company entered into the Subscription Agreement with the Subscribers and CM Securities pursuant to which (among others) each of the Subscribers conditionally agreed to subscribe the Convertible Bond at the Subscription Amount, and the Company conditionally agreed to issue the Convertible Bond in an aggregate principal amount of and for a price no more than the Total Subscription Amount.

#### **The Subscription Agreement**

##### ***Date***

1 March 2017

##### ***Parties***

- (i) the Company;
- (ii) the Subscribers; and
- (iii) CM Securities (as Sole Lead Arranger).

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## LETTER FROM THE BOARD

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### *Subscription of the Convertible Bond*

Subject to the terms and conditions of the Subscription Agreement, the Company agrees (among others) to issue and the Subscribers agree to, subject to satisfaction of the Conditions at Closing, subscribe in cash for the Convertible Bond of an aggregate principal amount of and for a price no more than the Total Subscription Amount.

The Conversion Shares will rank pari passu in all respects with the Shares in issue as at the date of issue and allotment of the Conversion Shares.

### *Conditions at Closing*

The obligations of each Subscriber to subscribe for the Convertible Bond are subject to the following Conditions at Closing:

- (a) All Subscribers having subscribed for the Bond at the Closing simultaneously.
- (b) The warranties made by the Company shall be true, accurate, complete and not misleading in all material respect when made, and shall be true, accurate, complete and not misleading in all material respects as of the Closing Date with the same force and effect as if they had been made on and as of such date.
- (c) The Company shall have performed and complied with in all respects all agreements, obligations and conditions contained in the Subscription Agreement and the other transaction documents that are required to be performed or complied with by it on or before the date of the Closing and shall have obtained and delivered to the Subscribers all approvals, consents and qualifications necessary to complete the transactions contemplated thereby at the Closing.
- (d) On or prior to the Closing, the Company shall have delivered to each Subscriber a counterpart of the Subscription Agreement and each of the other duly executed transaction documents.

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## LETTER FROM THE BOARD

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- (e) The Company shall have obtained, on or before the Closing Date, as the case may be, any and all approvals, consents and waivers necessary for consummation of the transactions contemplated by the Subscription Agreement and the other transaction documents including but not limited to (i) the approval from the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares which fall to be allotted and issued upon conversion of the Bond Instrument; and (ii) approval from Independent Shareholders of the Company at general meeting for the issue of the Convertible Bond and the transactions contemplated thereunder including the grant of the Specific Mandate to allot and issue Shares to satisfy the allotment and issue of the Conversion Shares to be issued upon conversion under the terms of the Bond Instrument, which has not been revoked as at the Closing Date.
- (f) After the date of the Subscription Agreement up to and at the Closing Date, there not have occurred any change (nor any development or event involving a prospective change), in the financial or business condition, prospects, results of operations or general affairs of the Company and the Group taken as a whole, which, in the opinion of each Subscriber, is material and adverse in the context of the issue of the Convertible Bond, and no Event of Default. The Company shall deliver an officer's certificate providing confirmation of the foregoing to each Subscriber on the Closing Date.
- (g) Each Subscriber (where applicable, includes the affiliates of the Subscribers) shall have obtained, on or before the Closing Date, all governmental and/or regulatory approvals (including without limitation to approval by the relevant commerce authority, foreign exchange regulator and state-owned assets supervisory body) in respect of the consummation of the transactions contemplated by the Subscription Agreement and the other transaction documents (including but not limited to the subscription of the Convertible Bond, the exercise of the Conversion Right attaching to the Bonds and the allotment and issue of the Conversion Shares).
- (h) Each Subscriber is satisfied with the results of its due diligence investigations with respect to the Company and the Group.

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## LETTER FROM THE BOARD

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- (i) The listing status of the Shares not having been cancelled or withdrawn, and the Shares continue to be traded on the Stock Exchange at all times from the date of the Subscription Agreement to and including the Closing Date (save for any temporary suspension for not more than fifteen (15) consecutive trading days) unless such suspension of trading is required under Chapter 13, 14 or 14A of the Listing Rules for clearance of announcement or circular to be made by the Company.

The Subscribers are entitled to waive all or any of the Conditions above, apart from (a), (d), (e) and (g) above, by way of written notice to the other. None of the Conditions has been fulfilled as at the Latest Practicable Date.

If any of the above Conditions precedent are not fulfilled (or waived, as the case maybe) on or before the Long Stop Date or if the completion of the Subscription does not take place within the validity period of the Specific Mandate, the obligations of the Company and Subscribers under the Subscription Agreement shall forthwith cease and terminate and neither party shall have any claim against the other party, save for any antecedent breach pursuant to the Subscription Agreement.

The Long Stop Date, which is currently set on 30 September 2017, is intended to provide sufficient buffer for the Subscribers to make arrangement for remission of the subscription money to the Company to complete the Subscription, having regard to the fact that (i) all three Subscribers are either PRC incorporated entities or are affiliated with PRC incorporated entities; (ii) recently, the remission of fund from the PRC to offshore entities is subject to stringent scrutiny by the relevant authorities in the PRC.

For the avoidance of doubt, the obligations of each Subscriber under, among others, the Subscription Agreement are several and not jointly nor jointly and severally.

Assuming the relevant resolution relating to the Subscription Agreement and the transactions contemplated thereunder (including the issue of the Convertible Bond and the grant of Specific Mandate) is approved by Independent Shareholders at EGM, the validity and effective period of the Specific Mandate will be for a period up to 30 September 2017 (the “**Validity Period**”). In the event that the conditions to the Subscription cannot be fulfilled or the Subscription is not completed according to the terms of the Subscription Agreement on or before the Validity Period, the Company will re-comply with the Listing Rules requirements and seek approval for a new specific mandate from the Shareholders for the issue of the Convertible Bond.

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## LETTER FROM THE BOARD

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### *Confirmation by the Subscribers (other than CMSI)*

Each Subscriber (other than CMSI) acknowledges and confirms acceptance of the following with the Sole Lead Arranger:

- (a) CMSI and the Sole Lead Arranger are affiliates;
- (b) the Sole Lead Arranger shall receive a commission of HK\$1,500,000.00 under the Subscription Agreement from the Company for the issuance of the Convertible Bond; and
- (c) the Sole Lead Arranger playing such role despite the affiliate relationship between CMSI and the Sole Lead Arranger thus presenting a potential conflict of interest or unfair advantage to CMSI over other Subscribers.

As the Sole Lead Arranger in the issuance of Convertible Bond, CM Securities would use its best endeavour (but without guarantee) to subscribe and pay for, or to procure subscriber(s) to subscribe and pay for, the Convertible Bond.

The commission rate to be payable to the Sole Lead Arranger was determined after arm's length negotiations between the Company and the Sole Lead Arranger, having taken into consideration,

- (i) the comparable market rates charged in comparable offerings of convertible bonds in the market as set out below ("**Comparables**"), i.e. approximately 0.5% on the gross proceeds which is comparatively lower than the rate charged by other placing agent in bond offering of similar size; and
- (ii) the work and role to be assumed by the Sole Lead Arranger in the Subscription.

The Comparables considered by the Company included:

- (1) The commission fee equals to 1.0% of the aggregate principal amount up to HK\$300 million convertible bonds to the placing agent by Chinlink International Holdings Limited (Stock code: 0997) as disclosed in its announcement dated 29 March 2016;

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## LETTER FROM THE BOARD

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- (2) The commission equals to 1.5% of the aggregate principal amount of the convertible bonds (totalling US\$30 million) on actually placed bonds by the agent by China Smartpay Group Holdings Limited (Stock code: 8325) as disclosed in its announcement dated 12 April 2015; and
- (3) The commission equals to 2.5% of the aggregate principal amount of the convertible bonds of not more than HK\$412 million on successfully placed bonds by Madex International (Holdings) Limited (Stock code: 00231) as disclosed in its announcement dated 7 October 2014.

The Directors (including the independent non-executive Directors) considers that with respect to the work and role to be assumed by the Sole Lead Arranger, the commission rate charged by the Sole Lead Arranger is lower than the Comparables. The Directors (including the independent non-executive Directors) are of the view that the commission rate to be fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

### ***Closing***

Subject to the fulfilment or the Subscribers' waiver of the Conditions, Closing of the issue and subscription of the Convertible Bond shall be held at the office of the Company in Hong Kong at 3:00 p.m. on third (3) Business Days after the date on which all the Conditions have been fulfilled or waived, or at such date, time and place as the parties may mutually agree upon.

### ***Termination of the Subscription Agreement***

The Subscribers may, by notice to the Company given at any time prior to payment of the Subscription Amount, terminate the Subscription Agreement in any of the following circumstances:

- (a) if there shall have come to the notice of the Subscribers any breach of, or any event rendering untrue or incorrect or misleading in any respect, any of the warranties and representations contained in the Subscription Agreement or any failure to perform any of the Company's undertakings or agreements in the Subscription Agreement;
- (b) if any of the Conditions at Closing has not been satisfied or waived by the Subscribers on or prior to the Closing Date, as the case may be;

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## LETTER FROM THE BOARD

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- (c) if the Closing is not consummated before the Long Stop Date as may be mutually agreed by the Company and the Subscribers; or
- (d) if the Company and the Subscribers have mutually agreed to terminate the Subscription Agreement.

### 3. PRINCIPAL TERMS OF THE CONVERTIBLE BOND

#### **Principal Amount**

- (a) HK\$300,000,000.

#### **Issue Price**

100% of the aggregate principal amount of the Convertible Bond.

#### **Form**

The Convertible Bond will be issued in registered form or, where applicable, electronic form.

#### **Status**

The Convertible Bond shall constitute direct, unsubordinated, unconditional and unsecured obligations of the Company and shall at all times rank pari passu and without any preference or priority among themselves. The payment obligations of the Company under the Convertible Bond shall, save for such exceptions as may be provided by mandatory provisions of applicable laws, at all times rank at least pari passu with all of the Company's other present and future unsubordinated, unconditional and unsecured obligations.

#### **Maturity Date**

The Convertible Bond will mature on the second anniversary of the Issue Date, subject to the Company's discretion to extend for one (1) additional year.

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## LETTER FROM THE BOARD

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### Interest

The Convertible Bond bears interest from and including the Issue Date and payable every six months in arrears on the Interest Payment Date. The amount of interests shall be calculated by applying the rate of interest of 6 per cent. per annum to the outstanding principal amount of such Convertible Bond.

### Conversion Price

The Conversion Price, being 130% of the volume weighted average price of the Shares for up to ten (10) consecutive trading days prior to the signing of the Subscription Agreement, is initially HK\$0.9103 per Conversion Share subject to adjustment in accordance with the Conditions.

The Conversion Price represents:

- (a) a premium of approximately 23.01% to the closing price of HK\$0.7400 per Share as quoted on the Stock Exchange on 28 February 2017, being the Last Trading Day;
- (b) a premium of approximately 27.49% to the average of the closing prices of HK\$0.7140 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (c) a premium of approximately 28.94% to the average of the closing prices of HK\$0.7060 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day.

The Conversion Price was arrived at after arm's length negotiations between the Company and the Subscribers with reference to the prevailing market prices of the Shares as shown above. The Directors (including the independent non-executive Directors) consider the Conversion Price and the terms of the Subscription Agreement are fair and reasonable based on the current market condition and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### Adjustments to the Conversion Price

The Conversion Price shall be adjusted as provided in each of the following cases:

- (a) An alteration of the nominal value of the Shares as a result of consolidation, subdivision or reclassification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

Where:

A is the nominal amount of one Share immediately after such alteration;  
and

B is the nominal amount of one Share immediately before such alteration.

- (b) An issue by the Company of Shares credited as fully paid to the Shareholders by way of capitalization of profits or reserves (including Shares paid up out of distributable profits or reserves and/or share premium account issued), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

Where:

A is the aggregate nominal amount of the issued Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Shares immediately after such issue.

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## LETTER FROM THE BOARD

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- (c) A capital distribution (including an extraordinary dividend) being made by the Company to the Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such capital distribution by the following fraction:

$$\frac{A - B}{A}$$

Where:

A is the current market price of one Share on the last trading date proceeding the date on which the capital distribution is publicly announced; and

B is the fair market value on the date of such announcement regarding the capital distribution, as determined in good faith by an Expert (defined below), of the portion of the capital distribution attributable to one Share,

provided that the fair market value of a cash dividend paid or to be paid per share, as to be determined by the Expert, shall be the amount of such cash dividend per share determined as at the date of the announcement of such dividend and the fair market value of any other cash amount shall be the amount of such cash.

- (d) An offer or grant being made by the Company to all or substantially all Shareholders as a class by way of rights or of options, warrants or other rights to subscribe for or purchase any Shares at a price per Share less than 80% of the market price on the last trading day preceding the date of the announcement of the terms of such issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

A is the number of Shares in issue immediately before such announcement;

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## LETTER FROM THE BOARD

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- B is the number of Shares which the aggregate amount (if any) payable or the Shares issued by way of rights or for the options or warrants or other rights issued by way of rights and for the total number of Shares comprised therein would purchase at such current market price per Share; and
- C is the aggregate number of Shares issued or, as the case may be, comprised in the issue or grant.
- (e) An issue of any securities (other than Shares or options, warrants or other rights to subscribe or purchase Shares) to all or substantially all Shareholders as a class by way of rights, or the grant by way of rights, of any options, warrants or other rights to subscribe for or purchase, any securities (other than Shares or options, warrants or other rights to subscribe or purchase Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

Where:

- A is the current market price of one Share on the last trading day preceding the date on which such issue or grant is publicly announced; and
- B is the fair market value on the date of such announcement regarding the issue of securities, as determined in good faith by an Expert, of the portion of the rights attributable to one share,

provided that the fair market value of such issue, as to be determined by the Expert, shall equal to the average of the closing price of such securities during the period of five (5) trading days on the relevant market commencing on the first such trading day such securities are publicly traded.

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## LETTER FROM THE BOARD

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- (f) An issue wholly for cash any Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other existing rights of conversion into, or exchange or subscription for, Shares) or an issue or grant (otherwise as mentioned in item (d) above) of options, warrants or other rights to subscribe or purchase Shares at a price per Share less than 80% of the market price on the last trading day preceding the date of announcement of the terms of such issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{C}$$

Where:

- A is the number of Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights to subscribe for or purchase any Shares;
- B is the number of Shares which the aggregate consideration receivable for the issue of such additional Shares would purchase at such current market price per Share; and
- C is the number of Shares in issue immediately after the issue of such additional Shares.
- (g) An issue of any securities which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued upon conversion, exchange or subscription at a consideration per Share which is less than 80% of the market price on the last trading day preceding the date of announcement of the terms of issue of such (otherwise as mentioned in items (d), (e) or (f) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{A + C}$$

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## LETTER FROM THE BOARD

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Where:

- A is the number of Shares in issue immediately before such issue;
- B is the number of Shares which the aggregate consideration receivable by the issuer for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such current market price per Share; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.
- (h) Any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in item (g) above so that the consideration per Share is less than 80% of the market price on the last trading day preceding the date of announcement of the proposed modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modification by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

- A is the number of Shares in issue immediately before such modification;
- B is the number of Shares which the aggregate consideration (if any) receivable by the issuer for the Shares to be issued, or otherwise made available, on conversion or exchange or on exercise of the right of subscription attached to the securities, in each case so modified, would purchase at such current market price per Share or, if lower, the existing conversion, exchange or subscription price of such securities; and

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## LETTER FROM THE BOARD

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C is the maximum number of Shares to be issued, or otherwise made available, on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate but giving credit in such manner as an Expert, selected by the Company and approved in writing by the bondholder, considers appropriate (if at all) for any previous adjustment under items (f) or (g) above.

- (i) Any other events where the Company determines that an adjustment should be made to the conversion price as a result of one or more events or circumstances not referred to above.

In the event of an adjustment to the Conversion Price under items (c) and (e), the fair market value shall be determined by an Expert, on the basis of a commonly acceptable market valuation method and taking account of such factors as it considers appropriate, including the market price per share, the dividend yield of a share, the volatility of such market price, prevailing interest rates and the terms of such securities, etc.. Such amounts shall, in the case of item (c) above, be translated into Hong Kong Dollar (if declared or paid or payable in a currency other than the Hong Kong Dollar) at the rate of exchange used to determine the amount payable to Shareholders who were paid or are to be paid or are entitled to be paid the cash dividend in the Hong Kong Dollar; and in any other case, shall be translated into the Hong Kong Dollar (if expressed in a currency other than the Hong Kong Dollar) at the prevailing rate on that date, and shall be determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit.

In relation to item (i) above, if the Company determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in items (a) to (h), the Company shall at its own expense request an Expert to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Conversion Price, and the date on which such adjustment should take effect and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination. Provided that where the circumstances giving rise to any adjustment pursuant to matters set out above have already resulted or will result in an adjustment to the Conversion Price or where the circumstances giving rise to any adjustment arise by virtue of circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of adjustments to the Conversion Price under the Subscription Agreement as may be advised by an Expert, selected by the Company and approved in writing by the Bondholder, to be in their opinion appropriate to give the intended result.

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## LETTER FROM THE BOARD

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The above is a common term included in the terms and conditions of the Convertible Bond without referring to any specific circumstances. It is expected that the circumstances in which the Company would seek to avail itself to such adjustment to be limited.

On provision relevant to the Adjustments to the Conversion Price, an “Expert” shall mean an independent bank of international repute (acting as an expert), selected by the Company and approved in writing by the Bondholder.

### **Conversion Rights**

Subject to the terms contained in the Convertible Bond, the bondholder shall have the rights to convert (the “**Conversion Rights**”) all or part of the Convertible Bond held by it into Shares credited as fully paid at any time during the Conversion Period disregarding fractions and rounded down to the nearest whole number of Shares, by dividing the aggregate principal amount of the Convertible Bond to be converted, by the applicable Conversion Price in effect on the relevant Conversion Date.

The Conversion Rights under the Convertible Bonds shall only be exercisable so long as (1) the exercise of the Conversion Rights under the Bonds will not result in the relevant Bondholder, its associates and parties acting in concert with it will, in aggregate, control or be interested in 30% or more of the voting rights of the Company unless: (i) a whitewash waiver is obtained in accordance with the requirement of the Takeovers Code; or (ii) a general offer is made in accordance with the requirement of the Takeovers Code; and (2) not less than 25% of the then issued share capital of the Company as enlarged by the issue of the Conversion Shares are held in public hands.

### **Conversion Shares**

Based on the initial Conversion Price of HK\$0.9103 per Conversion Share (being 130% of the volume weighted average price of the Shares for up to ten (10) consecutive trading days prior to the signing of the Subscription Agreement) and assuming full conversion of the Convertible Bond, a maximum number of 329,561,682 Conversion Shares will be allotted and issued by the Company, representing approximately 35.51% of the existing issued share capital of the Company as at the date of the Announcement; and 26.20% of the issued share capital of the Company as enlarged by the issue of Conversion Shares (assuming full conversion of the Prior Convertible Bond and that there is no change in the issued share capital of the Company after the date of the Announcement and before Closing). No fraction of a Conversion Share shall be issued on conversion and no cash adjustments will be made in respect thereof.

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## LETTER FROM THE BOARD

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The aggregate nominal value of 329,561,682 Conversion Shares will be approximately HK\$3,295,616.82.

### **Conversion Period**

The bondholder shall be entitled to exercise the Conversion Right attaching to the Convertible Bond during the period commencing from the date of issue of the Convertible Bond and up to the close of business on seven Business Days prior to the Maturity Date or, as the case maybe, the extended Maturity Date (being the date falling on the third anniversary of the Issue Date).

### **Transferability**

The Convertible Bond may be transferred, subject to prior approval of the Company, by delivery of the bond certificate issued in respect of that Convertible Bond, with the form of transfer duly completed and signed.

### **Redemption on Maturity Date**

The principal amount of the Convertible Bond which remains outstanding on the Maturity Date shall be automatically redeemed by the Company on the Maturity Date at a redemption amount in accordance with the following formula:

“Redemption Amount” = the then outstanding principal amount of such Convertible Bond at the time of redemption plus the interest accrued at the compounded rate of 2% per annum for the period from the Issue Date to the date of redemption.

The Company does not have any early redemption right under the Bond Instrument.

### **Redemption for Delisting, Suspension of Trading or Change of Control**

Each bondholder will have the right, at such bondholder's option, to require the Company to redeem all, but not some only, of such bondholder's Convertible Bond on the relevant event redemption date at a price equal to the Redemption Amount, in the event that (a) when the Shares cease to be listed or admitted to trading or suspended for a period equal to or exceeding ten consecutive Trading Days on the Stock Exchange; or (b) Tus-Holdings ceases to be the ultimate single largest shareholder of the Company.

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## LETTER FROM THE BOARD

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The Company shall have the right to repay the outstanding principal amount of the Convertible Bond at the Redemption Amount at any time after the 24th month from the Issue Date.

### Events of Default

The bondholder may give written notice to the Company that the Convertible Bond are, and they shall immediately become due and payable by the Company at the principal amount together with accrued and unpaid interest if any of the following events occurs and is continuing:

- (a) there is a default in the payment of any principal or interest or premium due in respect of the Convertible Bond on the due date for such payment and in the case of interest only, such default continues for a period of more than thirty (30) Business Days;
- (b) the Company does not perform or comply with one or more of its other warranties, covenants or obligations in the Subscription Agreement, the Convertible Bond or the bond instrument which default is incapable of remedy in the opinion of the bondholder or, if capable of remedy in the opinion of the bondholder, is not remedied within thirty (30) days after written notice of such default shall have been given to the Company by the bondholder;
- (c) failure by the Company to deliver any Shares as and when such Shares are required to be delivered following conversion of the Convertible Bond;
- (d) the Company or any of its subsidiaries (as the case maybe) is (or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any material part of the debts of the Company or any of its subsidiaries (as the case maybe) ;

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## LETTER FROM THE BOARD

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- (e) (i) any other present or future indebtedness (whether actual or contingent) of the Company or any of its subsidiaries (as the case maybe) for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, provided that the aggregate amount of the relevant indebtedness in respect of which one or more of the events mentioned above in this item have occurred exceeds HK\$50,000,000 or its equivalent in any other currency or currencies;
- (f) a distress, attachment, execution, seizure before judgment or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Company or any of its subsidiaries (as the case maybe) and is not discharged or stayed within sixty (60) days;
- (g) an order of any court of competent jurisdiction is made or an effective resolution is passed for the liquidation, winding-up or dissolution of the Company or any of its subsidiaries (as the case maybe) (other than a voluntary winding-up on a solvent basis), or the Company or any of its subsidiaries (as the case maybe) ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the bondholder;
- (h) an encumbrancer takes possession or an administrative or other receiver or an administrator or other similar officer is appointed of the whole or a material part of the property, assets or turnover of the Company or any of its subsidiaries (as the case may be) and is not discharged within sixty (60) days;
- (i) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or substantially all of the assets of the Company or any of its subsidiaries;

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## LETTER FROM THE BOARD

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- (j) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Company lawfully to enter into, exercise its rights and perform and comply with its obligations under the Convertible Bond, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Convertible Bond admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done;
- (k) it is or will become unlawful for the Company to perform or comply with anyone or more of its obligations under the Convertible Bond;
- (l) the Shares are suspended from trading for more than fifteen (15) consecutive trading days save for any suspension thereof required under Chapter 13, 14 or 14A of the Listing Rules for clearance of announcement or circular to be made by the Company;
- (m) the Shares cease to be listed or admitted to trading on the Stock Exchange;
- (n) the auditors of the Company are unable to prepare the audited accounts of the Company or issue an opinion other than an unqualified opinion in respect of such audited accounts which will adversely affect the operation of the Company and its subsidiaries;
- (o) there is, or is agreed to be, any transfer or disposal of all or substantially all of the assets of the Company and its subsidiaries as a whole;
- (p) the Company or any of its subsidiaries makes any false or misleading representation in respect of the Convertible Bond;
- (q) the Company or any of its subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations; or
- (r) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs.

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## LETTER FROM THE BOARD

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### 4. REASONS FOR AND BENEFITS OF THE SUBSCRIPTION OF THE CONVERTIBLE BOND

The Directors consider raising funds by issuing Convertible Bond provide an opportunity for the Company to enhance its working capital and financial position, explore investment and development opportunities, and allow possible future mergers and acquisitions activities, although the Company's gearing ratio may increase as a result of the issue of Convertible Bonds which in turn may affect the Company's leverage level.

The Company has considered other alternative fund raising method before resolving to the issue of Convertible Bonds, including bank borrowings, rights issue and share placement:

- (a) In respect of bank borrowings, the Directors are of the view that the ability of the Group to obtain bank borrowings usually depends on the Group's profitability and financial position as well as the prevailing market condition, and may be subject to lengthy due diligence and internal risk assessment by and negotiations with banks and usually requires pledge of assets by the borrowers. The Company has approached several banks for possible financing in the past nine (9) months, however, no mid-term or long-term bank loans with better terms as compared to the Convertible Bond could be obtained so far.
- (b) In relation to a pre-emptive rights issue or open offer, the Company will need to undergo a relatively lengthy process in order to (i) identify suitable underwriter(s) and to negotiate terms agreeable to the Group; (ii) prepare the requisite compliance and legal documentation, including but not limited to the underwriting agreement(s), announcement(s) and prospectus(es). As such, the Directors consider that the relatively lengthy period involved in a rights issue or an open offer may result in the Company being subject to the adverse effects of the current volatile market, and therefore increase uncertainty in being able to raise the funds.

The Directors has taken into consideration the advantages and disadvantages of different forms of equity fund-raising and debt financing. Given the relatively shorter time horizon and that there will be no immediate dilution effect on the shareholding structure of the Company by the issue of the Convertible Bonds under Specific Mandate as compared to alternative equity fund raising methods, the Directors are of the opinion that the Subscription would be more efficient, feasible and appropriate fund-raising method for the Group.

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## LETTER FROM THE BOARD

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The Directors consider that the issue of the Convertible Bond is an appropriate means of raising additional capital for the Company since it will not have an immediate dilution effect on the shareholding of the existing Shareholders. The Directors consider that the terms of the Subscription Agreement, which were arrived at after arm's length negotiations between the Company and the Subscribers, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### 5. PROCEEDS FROM THE SUBSCRIPTION AND USE OF PROCEEDS

The gross proceeds from the issue of the Convertible Bond pursuant to the Subscription Agreement will be approximately HK\$300,000,000. The net proceeds from the issue of the Convertible Bond pursuant to the Subscription Agreement, after deduction of all relevant costs and expenses, is estimated to be approximately HK\$295,500,000.

The above net proceeds are intended to be used for acquisition and general corporate purposes of the Group in the following manner:

- a) up to approximately 80% (i.e. HK\$240 million) for potential acquisition of targets in the smart mobility and related sector in automobile industry, including but not limited to the possibility of increasing our stake in Suzhou Zhihua Automobile Electronics Co., Ltd (“**Suzhou Zhihua**”). As disclosed in the announcement of the Company dated 3 March 2017, the Group will, among others, invest up to an aggregate amount of RMB88 million (equivalent to approximately HK\$99.5 million) in further acquisition of equity interest of Suzhou Zhihua. The Directors do not rule out the possibility to further increase our equity interests in Suzhou Zhihua which, among others, may invest up to another aggregate amount of RMB65 million (equivalent to approximately HK\$73.45 million). Such proposed acquisition may or may not proceed as the proposed acquisition of equity interests of Suzhou Zhihua will depend on a number of factors, including whether the Group can reach agreement of such proposed acquisition with potential seller(s) and/or Suzhou Zhihua on terms that are acceptable to the Group, and compliance of relevant regulatory requirements within the PRC for further acquisition of equity interests of Suzhou Zhihua. The Company will publish further announcement in compliance with the requirements under the Listing Rules should it proceed to formal agreement. The remaining balance of approximately HK\$67.05 million will be used for potential acquisition of targets in the smart mobility and related sector in automobile industry. Except for those mentioned above, as at the Latest Practicable Date, the Company has not identified any specific target for such acquisition and the Company will closely monitor the potential development of the business of the Group and the market.

## LETTER FROM THE BOARD

- b) up to approximately 20% (i.e. HK\$55.5 million) as general corporate purpose, which will primarily be used for general and administrative expenses (including remuneration payments to employees and rental expenses of the Group which the Directors believe will be sufficient for the working capital needs of the Group for the next 12 months) and improvement in the liquidity of the working capital of the Group.

Mr. Ma Chi Kong Karl, the Chairman and executive Director of the Company, is a director of Tus-Holdings. Mr. Du Peng, an executive Director of the Company, is the Vice President of Tus-Holdings. Mr. Ma Chi Kong Karl and Mr. Du Peng have abstained from voting on the Board resolution relating to the Subscription Agreement and the transactions contemplated thereunder (including the issue of the Convertible Bond and the grant of Specific Mandate for the allotment and issue of the Conversion Shares). Saved as disclosed above, none of the Directors has any material interest in the transaction.

In view of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreement are on normal commercial terms, which were arrived at after arm's length negotiation between the Company and each of the Subscribers, and that the issue of the Convertible Bond pursuant to the terms thereof are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### 6. EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the existing shareholding structure in respect of the Shares and the effects on the shareholding structure in respect of the Shares (i) as at the Latest Practicable Date and (ii) immediately after the Closing (assuming full conversion of the Prior Convertible Bond and that there is no change in the shareholding structure and in the issued share capital of the Company after the Latest Practicable Date and before the Closing), are set out as below for illustration purposes only:

#### Shareholding structure of the Company after conversion of the Conversion Shares in full

	Notes	As at the Latest Practicable Date		Immediately after the conversion of the Conversion Shares in full		Immediately after the conversion of the Conversion Shares and the conversion shares under the Prior Convertible Bond in full (Note 5)	
		Number of Shares	Approximate percentage (Note 6)	Number of Shares	Approximate percentage	Number of Shares	Approximate percentage
Tuspark Venture	1 and 2	212,490,802	22.89%	322,344,696	25.63%	322,344,696	24.30%
Ma Chi Kong Karl	1 and 3	46,100,000	4.97%	46,100,000	3.67%	46,100,000	3.47%
Sheng Ruzhi	4	1,872,000	0.20%	1,872,000	0.15%	1,872,000	0.14%
Munsun Smart	2	–	–	109,853,894	8.73%	109,853,894	8.28%
CMSI	2	–	–	109,853,894	8.73%	109,853,894	8.28%
Ideal Team Ventures Limited ("Ideal Team")	5	–	–	–	–	69,004,524	5.20%
Public		667,722,086	71.94%	667,722,086	53.09%	667,722,086	50.33%
<b>Total</b>		<b>928,184,888</b>	<b>100.00%</b>	<b>1,257,746,570</b>	<b>100.00%</b>	<b>1,326,751,094</b>	<b>100.00%</b>

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## LETTER FROM THE BOARD

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*Notes:*

1. Tuspark Venture directly holds 212,490,802 Shares as at the Latest Practicable Date. Together with the interest held by Mr. Ma Chi Kong Karl, the Chairman and director of the Company as well as a director of Tus-Holdings (the holding company of Tuspark Venture), Tuspark Venture is deemed to hold 27.86% in the issued share capital of the Company as at the Latest Practicable Date.
2. The figures on shareholding number and percentage are for illustration purposes only. The Conversion Rights under the Convertible Bond shall only be exercisable so long as (1) the exercise of the Conversion Rights under the Convertible Bond will not result in the relevant Bondholder, its associates and parties acting in concert with it will, in aggregate, control or be interested in 30% or more of the voting rights of the Company unless: (i) a whitewash waiver is obtained in accordance with the requirement of the Takeovers Code; or (ii) a general offer is made in accordance with the requirement of the Takeovers Code; and (2) not less than 25% of the then issued share capital of the Company as enlarged by the issue of the Conversion Shares are held in public hands.
3. Ma Chi Kong Karl (the Chairman and executive Director of the Company and a director of Tus-Holdings) personally holds 46,100,000 Shares.
4. Sheng Ruzhi is a non-executive Director of the Company and personally holds 1,872,000 Shares.
5. Ideal Team is beneficially interested in the Prior Convertible Bond which is convertible into a maximum of 69,004,542 shares at the initial conversion price of HK\$0.884 per Share.
6. The approximate percentage of shareholding was calculated based on 928,184,888 Shares in issue as at the Latest Practicable Date.

### **7. EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

Save for the issuance of the Prior Convertible Bond, the Company did not conduct any equity fund raising activities for the 12 months immediately before the Latest Practicable Date.

### **8. INFORMATION ABOUT THE GROUP**

The Group is principally engaged in the production and sale of automotive related products, car trading and provision of financing service for leasing motor vehicles and equipment.

### **9. INFORMATION ABOUT THE SUBSCRIBERS**

Tuspark Venture is a wholly-owned subsidiary of Tus-Holdings. Tuspark Venture is principally engaged in investment holdings.

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## LETTER FROM THE BOARD

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Tus-Holdings is a company established under the laws of the PRC with limited liability and is principally engaged in technology services (incubator services and strategic investments), science park real estate (development and management of science parks) and other technology supporting businesses (such as hotel, education, financial services and media). To the best of the Director's knowledge, information and belief, having made all reasonable enquires, Tus-Holdings is owned as to 30.08% by Beijing Bai Jun Investment Co., Ltd\* (北京百駿投資有限公司), a company which is wholly owned by Mr. Wang Jiwu, and as to 44.92% by Tsinghua Holdings Co., Ltd.\* (清華控股有限公司), a company which is wholly-owned by Tsinghua University, respectively.

CMSI is an investment holding company. The principal activities of its principal subsidiaries include investment holding, provision of asset management services, consultancy services, financing services, insurance agency services, securities advisory and securities brokerage services.

Munsun Smart is a Cayman Islands exempted limited partnership registered under the Exempted Limited Partnership Law (as amended) of the Cayman Islands and is principally engaged in investment funds of smart vehicles, internet of vehicles and investment opportunities of related industry.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Munsun Smart and CMSI and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

### **10. MANDATE TO ISSUE THE CONVERSION SHARES**

The Subscription Agreement and the transactions contemplated thereunder, including the issue and allotment of the Conversion Shares under Specific Mandate of the Company, are subject to the approval of the Independent Shareholders at the EGM.

No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange. Application, however, will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

### **11. IMPLICATIONS UNDER THE LISTING RULES**

Tuspark Venture is a substantial shareholder of the Company, holding 212,490,802 Shares (representing approximately 22.89% of the total issued share capital of the Company) as at the Latest Practicable Date. Together with the interest held by Mr. Ma Chi Kong Karl, the Chairman and executive Director of the Company and a director of Tus-Holdings, Tuspark Venture is deemed to hold 258,590,802 Shares (representing approximately 27.86% of the total issued share capital of the Company) as at the Latest Practicable Date. Accordingly, Tuspark Venture is a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the issue of the Convertible Bond to Tuspark Venture constitutes a connected transaction of the Company subject to the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules by way of poll at the EGM.

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## LETTER FROM THE BOARD

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To the best of the Directors' information, belief and knowledge, save for Tuspark Venture and its associates and parties acting in concert with it, no other parties have any material interest which is different from other Shareholders in relation to the Subscription Agreement and the grant of the Specific Mandate.

### **12. RE-ELECTION OF RETIRING DIRECTOR**

In accordance with Article 86(3) of the Articles, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a causal vacancy on the Board or, as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the members in general meeting. Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company (in the case of filling a causal vacancy) or until the following annual general meeting of the Company (in the case of an addition to the Board), and shall then be eligible for re-election at that meeting.

As such, Hon. Quat Elizabeth, the independent non-executive Director of the Company, will be subject to retirement and re-election at the EGM.

Brief biographical details of Hon. Quat Elizabeth who is to be re-elected at the EGM is set out below.

#### **Hon. QUAT Elizabeth**

Hon. Quat Elizabeth, aged 50, currently the independent non-executive Director of the Company and a Legislative Council member of the Hong Kong Special Administrative Region (“**HKSAR**”) and the Chairman of its Panel on Information Technology and Broadcasting. Hon. Quat Elizabeth successively founded a number of non-profit organizations, including the Internet Professional Association in 1999, the eHealth Consortium in 2006 to promote the application of information technology in health service, the Energy Saving & Environment Concern Alliance in 2007, the Green ICT Consortium in 2009 to encourage the application of green technology in energy saving and emission reduction, the Love Family Foundation in 2013 to advocate love and family value and the Smart City Consortium in 2015 to develop Hong Kong as a smart city. Hon. Quat Elizabeth has been dedicated to supporting the economic development, innovation and technology development as well as policies on women, family and environmental protection in Hong Kong both in and out of the Legislative Council.

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## LETTER FROM THE BOARD

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Hon. Quat Elizabeth was awarded the JCI Hong Kong Ten Outstanding Young Persons and the Ten Outstanding Young Digi Persons Award in 2001, and named The Ten Most Successful Women in 2002. Hon. Quat Elizabeth was elected as a member of the HKSAR Election Committee for the Information Technology Subsector in 2006 and 2011 and a member of the Shatin District Council in 2007 and 2011. She was appointed as a part-time member of the Central Policy Unit by the HKSAR government in 2008 and the Justice of the Peace by the Chief Executive of the HKSAR in 2010. She was elected as a Legislative Council member for the New Territories East in 2012 and 2016.

Currently, Hon. Quat Elizabeth is a member of the Advisory Committee on Innovation & Technology, the Small Entrepreneur Research Assistance Programme Project Assessment Panel under the Innovation and Technology Fund and the Deposit-taking Companies Advisory Committee. Her other previous government appointments also include: a member of the Digital 21 Strategy Advisory Committee, a member of the Environmental Campaign Committee, a member of the Appeal Tribunal Panel (Buildings), a member of the Advisory Committee of the Office of the Privacy Commissioner for Personal Data, a member of the Research Grants Council and a member of the Hong Kong Logistics Development Council.

Hon. Quat Elizabeth has entered into an appointment letter (the “**Appointment Letter of Hon. Quat Elizabeth**”) with the Company for a term of 3 years commencing from 6 January 2017 as the independent non-executive Director unless terminated by either party to the Appointment Letter of Hon. Quat Elizabeth, which requires not less than three months’ prior notice for termination thereof. Hon. Quat Elizabeth will be subject to retirement and re-election at the forthcoming general meeting of the Company after her appointment and will also be subject to the retirement by rotation and re-election in accordance with the Articles of Association and the Code as set out in Appendix 14 to the Listing Rules. Pursuant to the Appointment Letter of Hon. Quat Elizabeth, Hon. Quat Elizabeth is entitled to a director’s fee of HK\$360,000 per annum, which is approved by the remuneration committee of the Company with reference to her qualification, experience, duties, contributions to the Company and the prevailing market conditions.

Hon. Quat Elizabeth has confirmed that she meets the independence criteria as set out in Rule 3.13 of the Listing Rules.

Save as disclosed above, Hon. Quat Elizabeth did not hold any directorship in any listed companies in the past three years preceding the Latest Practicable Date, nor did she hold any other position with the Company and other members of the Group or possess any other major professional qualifications.

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## LETTER FROM THE BOARD

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Save as disclosed, as at the Latest Practicable Date, Hon. Quat Elizabeth has no relationship with any Directors, supervisors, senior management, substantial shareholders or controlling shareholders (as defined in the Listing Rules) of the Company and does not have any other interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed above, there are no other matters relating to the appointment of Hon. Quat Elizabeth that should be brought to the attention of the shareholders of the Company and there is no other information that should be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

### **13. EGM**

Set out on pages EGM-1 to EGM-3 of this circular is a notice convening the EGM which will be held at Regus Conference Centre, 35/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Thursday, 13 April 2017 at 2:30 p.m. at which ordinary resolutions will be proposed to approve (1) the Subscription Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bond and the grant of Specific Mandate for the allotment and issue of the Conversion Shares, and (2) the re-election of Hon. Quat Elizabeth as the independent non-executive Director of the Company.

The form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it as soon as possible to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting at the EGM or any adjourned meeting (as the case may be) should you so wish and, in such event, the instructions appointing a proxy should be deemed to be revoked.

The voting in relation to the Subscription Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bond and the grant of Specific Mandate for the allotment and issue of the Conversion Shares, and the re-election of retiring Director of the Company at the EGM will be conducted by way of a poll.

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## LETTER FROM THE BOARD

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Mr. Ma Chi Kong Karl, who holds 46,100,000 issued shares of the Company representing approximately 4.97% of the total issued shares of the Company as at the Latest Practicable Date, and Tuspark Venture, which holds 212,490,802 issued shares of the Company representing approximately 22.89% of the total issued shares of the Company as at the Latest Practicable Date, will abstain from voting at the EGM in respect of the ordinary resolution to approve the Subscription Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bond and the grant of Specific Mandate for the allotment and issue of the Conversion Shares.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, save as disclosed above, none of the Shareholders will be required to abstain from voting on the relevant resolutions to be proposed at the EGM for approving the Subscription Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bond and the grant of Specific Mandate for the allotment and issue of the Conversion Shares, and the re-election of retiring Director.

### 14. RECOMMENDATION

Having considered the reasons set out herein and taken into account the advice of Gram Capital, the Independent Financial Adviser, the Directors (including the independent non-executive Directors) consider that the Subscription Agreement are on normal commercial terms and the transactions contemplated under the Subscription Agreement (including the issue of Convertible Bond) is in the interests of the Company and the Shareholders as a whole and are fair and reasonable to the Company. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder, including the Specific Mandate for the allotment and issue of the Conversion Shares falling to be issued upon the exercise of the conversion rights attaching to the Convertible Bond.

In addition, the Directors consider that the proposal regarding the re-election of the retiring Director is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that the Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the proposed re-election of retiring Director.

### 15. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 36 to 37 of this circular which contains its recommendation to the Independent Shareholders and the letter from Gram Capital set out on pages 38 to 55 of this circular which contains its advice to the Independent Board Committee and Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bond and the grant of Specific Mandate for the allotment and issue of the Conversion Shares. Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully,  
For and on behalf of the Board  
**TUS International Limited**  
**Ma Chi Kong Karl**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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啟迪國際

TUS INTERNATIONAL

**TUS INTERNATIONAL LIMITED**

啟迪國際有限公司

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

**(Stock Code: 872)**

27 March 2017

*To the Independent Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTION  
PROPOSED ISSUE OF CONVERTIBLE BOND  
UNDER SPECIFIC MANDATE**

We refer to the circular of the Company dated 27 March 2017 (the “**Circular**”) to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members to form the Independent Board Committee to consider the Subscription Agreement and the transactions contemplated thereunder, and to advise the Independent Shareholders as to whether the terms of the Subscription Agreement and the transactions contemplated thereunder, and the Specific Mandate are fair and reasonable so far as the Independent Shareholders are concerned.

Details of the advice of Gram Capital, together with the principal factors and reasons taken into consideration in arriving at such advice, are set out on pages 38 to 55 of the Circular. Your attention is also drawn to the letter from the Board set out on pages 7 to 35 of the Circular and the additional information set out in the appendix of the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered the terms and conditions of the Subscription Agreement, the principal factors and reasons of the Subscription, and the advice of Gram Capital, we are of the view that although the connected transaction regarding the subscription of the Convertible Bond by Tuspark Venture is not in the ordinary and usual course of business of the Group, the transaction(s) contemplated under the Subscription Agreement are on normal commercial terms, which were arrived at after arm's length negotiation between the Company and (among others) Tuspark Venture. Accordingly, we are of the view that the Subscription Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole and on normal commercial terms or better and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder, and the Specific Mandate for the allotment and issue of the Conversion Shares.

Yours faithfully,

For and on behalf of the Independent Board Committee

**Hon. Quat  
Elizabeth (JP)**

**Mr. Poon Chiu Kwok**

**Mr. Chen Jin**

**Mr. Wong Yuk Lun,  
Alan**

*Independent non-executive Directors*

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## LETTER FROM GRAM CAPITAL

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



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

27 March 2017

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

Dear Sir/Madam,

### CONNECTED TRANSACTION ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

#### 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 Subscription, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 27 March 2017 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 1 March 2017 (after market close), the Company entered into the Subscription Agreement with the Subscribers and CM Securities pursuant to which (among others) each of the Subscribers conditionally agreed to subscribe the Convertible Bond at the Subscription Amount, and the Company conditionally agreed to issue the Convertible Bond in an aggregate principal amount of and for a price no more than the Total Subscription Amount.

With reference to the Board Letter, the issue of Convertible Bond to Tuspark Venture, being part of the Subscription, constitutes a connected transactions of the Company and are subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

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## LETTER FROM GRAM CAPITAL

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

### INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Mr. Graham Lam was the person signing off the opinion letter from the independent financial adviser contained in the circular (i) dated 15 December 2015 in respect of a discloseable and connected transaction regarding the proposed formation of joint venture companies; and (ii) dated 14 December 2016 in respect of a connected and discloseable transaction regarding the acquisition of 14% equity interest in 蘇州紫光創新教育發展有限公司 (Suzhou Ziguang Innovative Education Development Company Limited\*). Notwithstanding the aforesaid past engagements, as at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and the Company or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder.

Besides, apart from the advisory fee and expenses payable to us in connection with our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

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## LETTER FROM GRAM CAPITAL

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### BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and/or the management of the Company (the “**Management**”). We have assumed that all information and representations that have been provided by the Directors and/or the Management, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers, the Directors and/or the Management, which have been provided to us. Our opinion is based on the Directors’ representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the transaction contemplated under the Subscription Agreement. We consider that we have taken sufficient and necessary steps (including (i) reviewing the consolidated financial information on the Group for the six months ended 30 June 2016 and the two years ended 31 December 2015; (ii) performing analysis on the financing alternatives available to the Group and proposed use of proceeds from the Subscription; (iii) reviewing the principal terms of the Subscription Agreement; and (iv) performing market comparable analysis on the Conversion Price, interest rate of the Convertible Bonds, Commission and Premium Redemption (as defined below) respectively) on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

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

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## LETTER FROM GRAM CAPITAL

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

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

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

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

#### **1. Background of and reasons for the Subscription**

##### ***Business overview of the Group***

With reference to the Board Letter, the Group is principally engaged in the production and sale of automotive related products, car trading and provision of financing service for leasing motor vehicles and equipment.

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## LETTER FROM GRAM CAPITAL

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Set out below are the consolidated financial information of the Group for the six months ended 30 June 2016 and two years ended 31 December 2015 as extracted from the Company's interim report for the six months ended 30 June 2016 (the “**2016 Interim Report**”) and annual report for the year ended 31 December 2015 (the “**2015 Annual Report**”):

	For the six months ended 30 June 2016 <i>(unaudited)</i> HK\$	For the year ended 31 December 2015 <i>(audited)</i> HK\$	For the year ended 31 December 2014 <i>(audited)</i> HK\$	Change from 2014 to 2015 %
Revenue	131,611,038	194,606,323	184,878,802	5.26
Gross profit	11,742,229	21,490,869	10,582,727	103.07
Loss for the period/year	(1,269,384)	(201,312,540)	(135,113,544)	49.00

	As at 30 June 2016 <i>(unaudited)</i> HK\$	As at 31 December 2015 <i>(audited)</i> HK\$	As at 31 December 2014 <i>(audited)</i> HK\$	Change from 2014 to 2015 %
Cash and cash equivalents	92,856,325	240,100,479	105,343,549	127.92
Total assets	607,700,362	615,718,647	564,289,907	9.11
Net assets	514,725,721	517,627,127	496,982,622	4.15

As illustrated by the above table, the Group's revenue and gross profit for the year ended 31 December 2015 (“**FY2015**”) increased by approximately 5.26% and 103.07% respectively as compared to the year ended 31 December 2014 (“**FY2014**”). Despite the improvement in the Group's revenue and gross profit, the Group recorded a substantial increase in loss for FY2015 as compared to FY2014. With reference to the 2015 Annual Report, the increase in loss for FY2015 was mainly due to (i) provision for impairment loss recognised on intangible assets, goodwill and interests in an associate; (ii) provision for inventories; and (iii) loss on disposal of property, plant and equipment.

We also noted from the above table that there was a substantial reduction in loss for the six months ended 30 June 2016 as compared to the corresponding period in 2015. As confirmed by the Management, such reduction was mainly attributable to reduction in other net loss, absence in research and development expenses.

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## LETTER FROM GRAM CAPITAL

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With reference to the 2016 Interim Report, in response to the continuing slowdown in the growth of the traditional automotive manufacturing industry, the Group proposed to continue to seek new business opportunities in order to generate more return to the shareholders of the Company.

### ***Information on the subscribers***

#### *Information on Tuspark Venture*

With reference to the Board Letter, Tuspark Venture is principally engaged in investment holdings. Tuspark Venture is a wholly owned subsidiary of Tus-Holdings. Tus-Holdings is a company established under the laws of the PRC with limited liability and is principally engaged in technology services (incubator services and strategic investments), science park real estate (development and management of science parks) and other technology supporting businesses (such as hotel, education, financial services and media).

To the best of the Director's knowledge, information and belief, having made all reasonable enquires, Tus-Holdings is owned as to 30.08% by Beijing Bai Jun Investment Co., Ltd\* (北京百駿投資有限公司), a company which is wholly owned by Mr. Wang Jiwu, and as to 44.92% by Tsinghua Holdings Co., Ltd.\* (清華控股有限公司), a company which is wholly-owned by Tsinghua University, respectively.

#### *Information on CMSI*

With reference to the Board Letter, CMSI is an investment holding company. The principal activities of its principal subsidiaries include investment holding, provision of asset management services, consultancy services, financing services, insurance agency services, securities advisory and securities brokerage services. CMSI and the Sole Lead Arranger are affiliates.

#### *Information on Munsun Smart*

With reference to the Board Letter, Munsun Smart is a Cayman Islands exempted limited partnership registered under the Exempted Limited Partnership Law (as amended) of the Cayman Islands and is principally engaged in investment funds of smart vehicles, internet of vehicles and investment opportunities of related industry.

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## LETTER FROM GRAM CAPITAL

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### *Reasons for the Subscription and use of proceeds*

With reference to the Board Letter, the Directors consider raising funds by issuing Convertible Bond provide an opportunity for the Company to enhance its working capital and financial position, explore investment and development opportunities, and allow possible future mergers and acquisitions activities.

### *Financing alternatives available to the Group*

Save for the issuance of the Prior Convertible Bond, the Company did not conduct any equity fund raising activities for the 12 months immediately before the Latest Practicable Date.

The Directors consider that the issue of the Convertible Bond is an appropriate means of raising additional capital for the Company since it will not have an immediate dilution effect on the shareholding of the existing Shareholders.

Upon our enquiry with the Management in this respect, we understand that apart from the issue of the Convertible Bonds, the Management have also considered other fund raising alternatives for the Group, including both debt and equity financing. However, in view of the loss making position of the Group for FY2014, FY2015 and the six months ended 30 June 2016 as mentioned above, the Management advised us that (i) it has been difficult for the Group to obtain bank borrowings at favourable terms; and (ii) it is difficult for the Company to procure underwriters or placing agents to raise fund through equity fund raising methods. In light of the aforesaid reasons as well as that the Convertible Bonds will not have an immediate dilution effect on the shareholding of the existing Shareholders upon the completion of the Subscription, the Management considered that the issue of the Convertible Bond is an appropriate means of raising additional capital for the Company.

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## LETTER FROM GRAM CAPITAL

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### *Use of proceeds*

With reference to the Board Letter, the gross proceeds from the issue of the Convertible Bond pursuant to the Subscription Agreement will be approximately HK\$300,000,000. The net proceeds from the issue of the Convertible Bond pursuant to the Subscription Agreement, after deduction of all relevant costs and expenses, is estimated to be approximately HK\$295,500,000. The net proceeds from the Subscription will be applied for:

- (i) up to approximately 80%, being HK\$240,000,000, will be used for potential acquisition of targets in the smart mobility and related sector in automobile industry, including but not limited to the possibility of increasing stake in Suzhou Zhihua. As disclosed in the announcement of the Company dated 3 March 2017, the Group will, among others, invest up to an aggregate amount of RMB88 million (equivalent to approximately HK\$99.5 million) in further acquisition of equity interest of Suzhou Zhihua. The Directors do not rule out the possibility to further increase the Company's equity interests in Suzhou Zhihua which, among others, may invest up to another aggregate amount of RMB65 million (equivalent to approximately HK\$73.45 million). Such proposed acquisition may or may not proceed as the proposed acquisition of equity interests of Suzhou Zhihua will depend on a number of factors, including whether the Group can reach agreement of such proposed acquisition with potential seller(s) and/or Suzhou Zhihua on terms that are acceptable to the Group, and compliance of relevant regulatory requirements within the PRC for further acquisition of equity interests of Suzhou Zhihua. The remaining balance of approximately HK\$67.05 million will be used for potential acquisition of targets in the smart mobility and related sector in automobile industry; and
- (ii) up to approximately 20%, being HK\$55,500,000, will be used for general corporate purpose, which will primarily be used for general and administrative expenses (including remuneration payments to employees and rental expenses of the Group which the Directors believe will be sufficient for the working capital needs of the Group for the next 12 months) and improvement in the liquidity of the working capital of the Group.

As disclosed in the announcement of the Company dated 3 March 2017, the Group will, among others, invest in smart mobility sector in automobile industry. The investment in Suzhou Zhihua is the first step towards such direction. It is anticipated that part of the net proceeds of the Subscription will be used to fund the acquisition involving smart mobility sector in automobile industry and related projects, and part of the net proceeds may be applied to finance future acquisition that the Company may conduct.

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## LETTER FROM GRAM CAPITAL

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As advised by the Management, the development of information technologies is reshaping the automotive industry and is changing the manner of transportation and mobility. The Group actively seeks strategic development opportunities in advanced driver assistance systems (the “**ADAS**”), autonomous vehicle technology, as well as connected vehicle solutions, and has identified this particular business opportunity. According to “Made in China 2025” released by the State Council of the People’s Republic of China, it is expected that China will master the overall technologies and key techniques of intelligent driver assistance, and establish at a preliminary level an independent research and development (the “**R&D**”) system, along with a production and support system for intelligent and connected vehicles by 2020. By 2025, it is expected that China will master the overall technologies and key techniques of autonomous driving; and establish a relatively complete R&D system, a production and support system, as well as industry clusters for intelligent and connected vehicles, in order to complete the basic transformation and upgrade of auto industry. Chinese ADAS market has entered an acceleration stage, with foreign key system integrator players dominating the majority of the market while domestic system integrators are scarce in supplying automakers. Suzhou Zhihua is one of the few Chinese start-up players to enter the pre-installed ADAS market with promising development strategies as there are increasing consumer demands for vehicle safety, the shipment and penetration rate of China’s ADAS system is rising rapidly.

In light of the above factors, we concur with the Management that the proposed use of proceeds from the Subscription to be acceptable.

Having considered (i) the financial performance of the Group; (ii) that the issue of the Convertible Bond is an appropriate means of raising additional capital for the Company; (iii) the strategic investment of the Group; and (iv) the use of proceeds of the Subscription, we are of the view that the Subscription, although is not conducted in the ordinary and usual course of business of the Group, is in the interest of the Company and the Shareholders as a whole.

### **2. Principal terms of the Subscription Agreement**

Set out below are the summary of the Subscription Agreement, details of which are set out under the section headed “Principal terms of the Convertible Bond” of the Board Letter.

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## LETTER FROM GRAM CAPITAL

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### *The Subscription Agreement*

Date:	1 March 2017
Parties:	(i) the Company (ii) the Subscribers; and (iii) CM Securities (as Sole Lead Arranger)
Principal amount of the Convertible Bonds:	HK\$300,000,000
Issue Price:	100% of the aggregate principal amount of the Convertible Bond.
Maturity Date:	The Convertible Bond will mature on the second anniversary of the Issue Date, subject to the Company's discretion to extend for one (1) additional year.
Interest:	The Convertible Bond bears interest from and including the Issue Date and payable every six months in arrears on the Interest Payment Date. The amount of interests shall be calculated by applying the rate of interest of 6 per cent. per annum to the outstanding principal amount of such Convertible Bond.
Commission:	The Sole Lead Arranger shall receive a commission of HK\$1,500,000 under the Subscription Agreement from the Company for the issuance of the Convertible Bond.

For other details of the Subscription Agreement, please refer to the section headed "Principal terms of the Convertible Bond" of the Board Letter.

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## LETTER FROM GRAM CAPITAL

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### *Analysis on the Conversion Price*

The Conversion Price of HK\$0.9103 represents:

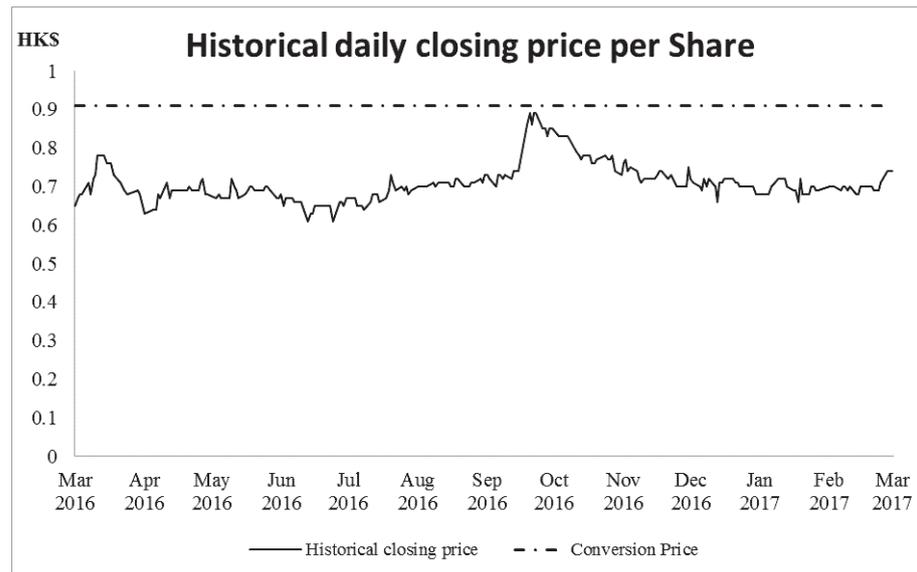
- (a) a premium of approximately 28.21% over the closing price of HK\$0.71 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 23.01% over the closing price of HK\$0.74 per Share as quoted on the Stock Exchange on 28 February 2017, being the Last Trading Day;
- (c) a premium of approximately 27.49% over the average closing price of approximately HK\$0.714 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (d) a premium of approximately 28.94% over the average closing price of approximately HK\$0.706 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

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## LETTER FROM GRAM CAPITAL

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In order to assess the fairness and reasonableness of the Conversion Price, we have reviewed the daily closing price of the Shares as quoted on the Stock Exchange from 1 March 2016 up to and including 1 March 2017 (the “**Review Period**”), being a period of one year prior to the date of the Subscription Agreement. The comparison of daily closing prices of the Shares and the Conversion Price is illustrated as follows:



Source: the Stock Exchange's website

During the Review Period, the lowest and highest closing prices of the Shares as quoted on the Stock Exchange were HK\$0.61 recorded on 13 June 2016 and 24 June 2016 and HK\$0.89 recorded on 20 September 2016, 22 September 2016 and 23 September 2016 respectively. The Conversion Price of HK\$0.9103 is higher than the closing prices of the Shares as quoted on the Stock Exchange during the Review Period.

## LETTER FROM GRAM CAPITAL

Furthermore, as part of our analysis, we have identified those subscription/placing of convertible bonds/notes which were announced by companies listed on the Stock Exchange from 1 December 2016 up to 1 March 2017, being the date of the Subscription Agreement (the “**Comparables**”) and they are exhaustive so far as we are aware of. To the best of our knowledge and as far as we are aware of, we found 26 transactions which met the said criteria. Shareholders should note that the businesses, operations and prospects of the Company are not the same as the Comparables.

Company name	Stock code	Date of announcement	Maturity (Years)	Interest rate per annum (%)	Premium/(discount) of the conversion price over/to closing price per share on the last trading day prior to/the date of announcement/agreement in relation to the respective subscription/placing of convertible bonds/notes	Commission/placing fee/arrangement fee (%)	Premium redemption (or with predetermined annualised rate of return) at maturity
C&D International Investment Group Limited	1908	4 December 2016	perpetual	4	(7.07)	N/A	No
Viva China Holdings Limited	8032	5 December 2016	5	5	20.00	N/A	Yes
China Ocean Industry Group Limited	651	6 December 2016	2	2	(23.73) <i>(Note 1)</i>	N/A	No
North Mining Shares Company Limited	433	8 December 2016	2	10	(15.25)	N/A	No
China Railway Construction Corporation Limited	1186	8 December 2016	5 <i>(Note 2)</i>	1.5	25.00	Information not available <i>(Note 3)</i>	No
Longrun Tea Group Company Limited	2898	11 December 2016	2	5.5	(12.90)	2.5	No
Pa Shun Pharmaceutical International Holdings Limited	574	15 December 2016	2 <i>(Note 4)</i>	4	17.65 <i>(Note 5)</i>	N/A	Yes
			2 <i>(Note 4)</i>	4	135.29 <i>(Note 5)</i>	N/A	Yes
Sino Energy International Holdings Group Limited	1096	16 December 2016	1.83	7.5	(3.03)	N/A	Yes
Beijing Gas Blue Sky Holdings Limited	6828	16 December 2016	3	4.8	8.06	N/A	Yes
China Public Procurement Limited	1094	16 December 2016	2	7	4.45	N/A	No

## LETTER FROM GRAM CAPITAL

Company name	Stock code	Date of announcement	Maturity (Years)	Interest rate per annum (%)	Premium/(discount) of the conversion price over/to closing price per share on the last trading day prior to/the date of announcement/agreement in relation to the respective subscription/placing of convertible bonds/notes	Commission/placing fee/arrangement fee (%)	Premium redemption (or with predetermined annualised rate of return) at maturity
Silverman Holdings Limited	1616	22 December 2016	2	5	4.31	N/A	Yes
Dingyi Group Investment Limited	508	23 December 2016	3	7	14.86	N/A	Yes
China Trends Holdings Limited	8171	30 December 2016	3	1	117.65	3	No
Ernest Borel Holdings Limited	1856	5 January 2017	2	10	13.64	N/A	No
Automated Systems Holdings Limited	771	12 January 2017	3	nil	(36.84)	1	Yes
Standard Chartered PLC	2888	12 January 2017	perpetual	7.75	(9.84) <i>(Note 6)</i>	Information not available <i>(Note 3)</i>	No
China Huarong Energy Company Limited	1101	16 January 2017	2	7	16.28	N/A	No
Tesson Holdings Limited	1201	17 January 2017	19 <i>(Note 7)</i>	3	45.45	N/A	No
China U-Ton Holdings Limited	6168	18 January 2017	2	8	16.30	N/A	Yes
LT Commercial Real Estate Limited	112	22 January 2017	3	8	0.52	2	No
Daisho Microline Holdings Limited	567	24 January 2017	3	8	(43.97)	2	No
China Digital Culture (Group) Limited	8175	9 February 2017	5	5.5	34.15	N/A	Yes
Green International Holdings Limited	2700	13 February 2017	1	8	(13.00)	N/A	No
Dingyi Group Investment Limited	508	21 February 2017	3	7	6.25	N/A	Yes
Shanghai Zendai Property Limited	755	24 February 2017	3	4	69.23	N/A	Yes
Eminence Enterprise Limited	616	1 March 2017	5	3	1.91	N/A	No
<b>Maximum</b>			<b>Perpetual</b>	<b>10</b>	<b>135.29</b>	<b>3</b>	
<b>Minimum</b>			<b>1.00</b>	<b>Nil</b>	<b>(43.97)</b>	<b>1</b>	
<b>Average</b>			<b>N/A</b> <i>(Note 8)</i>	<b>5.46</b>	<b>14.27</b>	<b>N/A</b>	
<b>The Company</b>	<b>872</b>	<b>1 March 2017</b>	<b>2</b>	<b>6</b> <i>(Note 9)</i>	<b>23.01</b>	<b>0.5</b> <i>(Note 10)</i>	<b>Yes</b>

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## LETTER FROM GRAM CAPITAL

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*Notes:*

1. Based on the minimum conversion price.
2. The maturity date is on or about 21 December 2021.
3. The rate of commission was not disclosed in the relevant announcement.
4. The issuer may seek the bondholders' prior written approval to extend the maturity date by one year.
5. The issuer has two series of convertible bonds with different conversion price, i.e. HK\$72,000,000 4% secured guaranteed convertible bonds due 2018 with initial conversion price of HK\$0.6 (the "Series I CB") and HK\$48,000,000 4% secured guaranteed convertible bonds due 2018 with initial conversion price of HK\$1.2 (the "Series II CB").
6. Based on the conversion price of US\$7.732, US\$/HK\$ exchange rate of 7.7546 as at 12 January 2017 and closing price of the issuer of HK\$66.5 as quoted on the Stock Exchange as at 12 January 2017.
7. The maturity date is 30 June 2036.
8. Since certain convertible bonds of the Comparables are perpetual, the average maturity is undetermined.
9. The Company is on its own discretion to extend the maturity date by one additional year.
10. The commission is calculated based on HK\$1,500,000 over the gross proceed HK\$300,000,000 under the Subscription Agreement.

We noted from the above table that the conversion prices of the Comparables ranged from a discount of approximately 43.97% to a premium of approximately 135.29% to/over the respective closing prices of their shares on the last trading day prior to the release of announcement/date of agreement in relation to the respective subscription/placing of convertible bonds/notes (the "**Discount/Premium Market Range**").

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## LETTER FROM GRAM CAPITAL

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Among the Comparables, we noted that the conversion prices of (i) Series II CB issued by Pa Shun Pharmaceutical International Holdings Limited (574); and (ii) convertible bonds issued by China Trends Holdings Limited (8171) (“**China Trends**”) represent exceptional premium over each of its closing price per share on the last trading day prior to the date of agreement/the date of announcement/agreement as compared with those of the other Comparables. Therefore, we are of the view that the conversion price of (i) the Series II CB; and (ii) the convertible bonds of China Trends are rather outliers.

The conversion price of the convertible bonds of the Comparables (excluding the outliers) ranged from a discount of approximately 43.97% to a premium of approximately 69.23% to/over the respective closing price per share on the last trading days prior to/on the date of the announcement/agreement in relation to the respective issue of convertible bonds. The Conversion Price, which represents a premium of approximately 23.01% to the closing price of the Shares on the Subscription Agreement, falls within the Discount/Premium Market Range (excluding the outliers). Therefore, we are of the opinion that the Conversion Price is in line with the recent market practice.

Having considered that the Conversion Price (i) is higher than the closing prices of the Shares as quoted on the Stock Exchange during the Review Period; and (ii) is in line with the recent market practice, we consider the Conversion Price to be fair and reasonable.

### ***Analysis on the interest rate***

As presented by the table above, the Comparables had an annual interest rate of nil to 10% (the “**Interest Market Range**”). The Convertible Bond bears interest of 6% per annum, which is within the Interest Market Range. We consider the interest rates of the Convertible Bond to be fair and reasonable.

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## LETTER FROM GRAM CAPITAL

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### *Other major terms of the Subscription Agreement*

We noted that (i) CM Securities, being an affiliate of CMSI, shall receive a commission of HK\$1,500,000 (the “**Commission**”) under the Subscription Agreement from the Company for the issuance of the Convertible Bond; and (ii) the Convertible Bond shall be redeemed at maturity by the Company, at a redemption amount which, the then outstanding principal amount of such Convertible Bond at the time of redemption plus the interest accrued at the compounded rate of 2% per annum for the period from the Issue Date to the date of redemption (the “**Premium Redemption**”).

We understand from the Management that the payment of the Commission to CM Securities is on normal commercial terms for CM Securities taking up the role of the Sole Lead Arranger under the Subscription. In addition, we noted from the table above, with available information, the Comparables had a commission/placing fees/arrangement fee ranged from 1% to 3% of their respective principal amount of convertible bonds. The Commission of HK\$1,500,000, representing approximately 0.5% of the gross proceeds of approximately HK\$300,000,000 (the “**Implied Commission Rate**”) is thus below the aforesaid range. Upon our enquiry, the Management also advised us that the commission rate to be payable to the Sole Lead Arranger was determined after arm’s length negotiations between the Company and the Sole Lead Arranger, as taking into consideration, (i) the comparable market rate charged in comparable offerings of convertible bonds in the market; and (ii) the work and role to be assumed by the Sole Lead Arranger in the Subscription. Accordingly, we concur with the Management’s view that it is reasonable to incur the Commission under the Subscription. Having also considered that the Implied Commission Rate is below the range of commission/ placing fees/ arrangement fee of the Comparables (based on available information), we consider that the Commission is acceptable.

Furthermore, from our observation, we also noticed that there are certain Comparables which involved redemption at maturity with a redemption amount which represents premium over the principal amount or will give the subscribers a pre-determined annualised rate of return. In light of the above, we consider that the Premium Redemption is not abnormal under the market practice.

Taking into account the principal terms of the Subscription Agreement as highlighted above, we are of the view that the terms of the Subscription Agreement (including the issue of Convertible Bond) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

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## LETTER FROM GRAM CAPITAL

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### 3. Possible dilution effect on the shareholding interests of the public Shareholders

With reference to the shareholding table in the section headed “Effect on shareholding structure of the Company” of the Board Letter, the shareholding interests of the other public Shareholders would be diluted by approximately 18.85 percent point as a result of the full conversion of the Convertible Bonds. In this regard, taking into account (i) the reasons for and possible benefits of the Subscription; and (ii) the terms of the Subscription Agreement being fair and reasonable, we are of the view that the said level of dilution to the shareholding interests of the public Shareholders as a result of the full conversion of the Convertible Bond is acceptable.

### RECOMMENDATION

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

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

*Note:* Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 20 years of experience in investment banking industry.

\* *for identification purpose only*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the 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 circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Interests and short positions of Directors and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (a) were required 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 (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

#### (i) *Interests in Shares*

Name of director	Long/short position	Capacity/ Nature of interest	Number of Shares	Approximate percentage of shareholding <i>(Note 1)</i>
Mr. Ma Chi Kong Karl	Long Position	Beneficial owner	46,100,000	4.97%
			9,280,000 <i>(Note 2)</i>	1.00%
Mr. Shen Xiao	Long Position	Beneficial owner	9,280,000 <i>(Note 2)</i>	1.00%
Mr. Yang Ming	Long Position	Beneficial owner	9,280,000 <i>(Note 2)</i>	1.00%
Mr. Du Peng	Long Position	Beneficial Owner	9,280,000 <i>(Note 2)</i>	1.00%

Name of director	Long/short position	Capacity/ Nature of interest	Number of Shares	Approximate percentage of shareholding <i>(Note 1)</i>
Mr. Woo Kar Tung Raymond	Long Position	Beneficial Owner	9,280,000 <i>(Note 2)</i>	1.00%
Ms. Cheung Joanna Wai Sze	Long Position	Beneficial owner	9,280,000 <i>(Note 2)</i>	1.00%
Mr. Tsang Ling Bui, Gilbert	Long Position	Beneficial Owner	4,640,000 <i>(Note 2)</i>	0.50%
Mr. Sheng Ruzhi	Long Position	Beneficial Owner	1,872,000 4,640,000 <i>(Note 2)</i>	0.20% 0.50%

*Notes:*

1. The approximate percentage of shareholding is calculated based on 928,184,888 Shares in issue as at the Latest Practicable Date.
2. These Shares represent the share options granted to Mr. Ma Chi Kong Karl, Mr. Shen Xiao, Mr. Yang Ming, Mr. Du Peng, Mr. Woo Kar Tung Raymond, Ms. Cheung Joanna Wai Sze, Mr. Tsang Ling Bui, Gilbert and Mr. Sheng Ruzhi pursuant to the share option scheme adopted by the Company on 19 June 2009.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required 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 (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

**(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders of the Group**

As at the Latest Practicable Date, the Directors or the proposed Directors who were a director or employee of a company which had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, were as follows:

Name of Director	Name of company which had such discloseable interest or short positions	Capacity of the Director in such company	Number of Shares held by such company	Approximate percentage of shareholding <i>(Note 1)</i>
Mr. Du Peng <i>(Note 3)</i>	Tuspark Venture <i>(Note 2)</i>	Director	212,490,802	22.89%
	Tus-Holdings <i>(Note 2)</i>	Vice President	212,490,802	22.89%
Mr. Ma Chi Kong Karl <i>(Note 3)</i>	Tus-Holdings <i>(Note 2)</i>	Director	212,490,802	22.89%

*Notes:*

1. The approximate percentage of shareholding is calculated based on 928,184,888 Shares in issue as at the Latest Practicable Date.
2. Tuspark Venture is the beneficial owner of 212,490,802 Shares. The entire issued share capital of Tuspark Venture is beneficially owned by Tus-Holdings. Tus-Holdings is therefore deemed to be interested in the 212,490,802 Shares held by Tuspark Venture pursuant to the SFO.
3. As regards the interests in Shares of Mr. Du Peng and Mr. Ma Chi Kong Karl in their capacity as beneficial owner, please refer to section headed "(i) Interests in Shares" of paragraph 2(a) above.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors held any directorship or had any employment in a company which has an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

**3. DISCLOSURE OF OTHER INTERESTS****(a) Interests in contract or arrangement**

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

**(b) Interests in assets**

Save as disclosed in the section headed “3. Disclosure of other interests – (a) Interests in contract or arrangement” above, as at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2015, being the date to which the latest published audited accounts of the Company were made up.

**(c) Interests in competing business**

As at the Latest Practicable Date, Ms. Cheung Joanna Wai Sze and Mr. Du Peng were directors of TGN Innovation Limited (“TGN”), which is principally engaged in the business of technology innovation incubator, which includes the business of shared workspace and services for and investments in, small technology enterprises in Hong Kong. The PRC subsidiaries of TGN, namely Beijing TGN Innovation Investment Consulting Co., Limited\* (北京啟創環球投資諮詢有限公司) and TGN Innovation (Shenzhen) Investment Consulting Co., Limited\* (啟創環球(深圳)投資諮詢有限公司), are principally engaged in the business of technology innovation incubator, which includes the business of shared workspace and services for and investments in small technology enterprises, in Beijing and Shenzhen, the PRC. As at the Latest Practicable Date, the Group owned approximately 28.57% of the issued share capital of TGN.

In addition, as at the Latest Practicable Date, Mr. Ma Chi Kong Karl was a director and Mr. Du Peng was the Vice President of Tus-Holdings and a director of Tuspark Venture, a substantial Shareholder through its interests in Tuspark Venture, which of Tus-Holdings is principally engaged in technology services (incubator services and strategic investments), science park real estate (development and management of science parks) and other technology supporting businesses (such as hotel, education, financial services and media).

As such, Mr. Ma Chi Kong Karl, Ms. Cheung Joanna Wai Sze and Mr. Du Peng are considered to have interest in the business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective close associates had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them was a controlling shareholder of the Company).

#### **4. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into a service contract with any member of the Group which is not determinable within one year without payment of compensation other than statutory compensation.

#### **5. EXPERT AND CONSENT**

The qualifications of the expert who has been named in this circular and has given opinions or advice in this circular is as follows:

<b>Name</b>	<b>Qualifications</b>
Gram Capital Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Gram Capital did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group as at the Latest Practicable Date.

As at the Latest Practicable Date, Gram Capital did not have any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2015, being the date to which the latest published audited consolidated financial statements of the Group were made up.

Gram Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of report and/or letters and/or the reference to its name in the form and context in which it is respectively included.

#### **6. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015, being the date to which the latest published audited consolidated financial statements of the Group were made up.

#### **7. MISCELLANEOUS**

The English text of this circular shall prevail over Chinese text in case of any inconsistency.

#### **8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours (i.e. from 9:30 a.m. to 5:00 p.m. on Monday to Friday, except Saturdays, Sundays and public holidays of Hong Kong) at the principal place of business of the Company in Hong Kong at Room 1301, Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong from the date of this circular up to and including the date of EGM:

- (i) the Subscription Agreement;
- (ii) the letter dated 27 March 2017 from the Independent Board Committee to the Independent Shareholders, the text of which is set in this circular;
- (iii) the letter dated 27 March 2017 from Gram Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out in this circular;
- (iv) the letters of consent referred to in the section headed "5. Expert and consent" in this appendix; and
- (v) this circular.

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# NOTICE OF EXTRAORDINARY GENERAL MEETING

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啟迪國際  
TUS INTERNATIONAL

## TUS INTERNATIONAL LIMITED

啟迪國際有限公司

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

**(Stock Code: 872)**

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**” or “**Meeting**”) of the shareholders of TUS International Limited (the “**Company**”) will be held at Regus Conference Centre, 35/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Thursday, 13 April 2017 at 2:30 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following ordinary resolutions of the Company.

### ORDINARY RESOLUTIONS

1. “**THAT:**
  - (a) the subscription agreement dated 1 March 2017 (the “**Subscription Agreement**”) (a copy of which has been produced to the Meeting and marked “A” and initialled by the chairman of the Meeting for the purpose of identification) and entered into between the Company as issuer Tuspark Venture Investment Ltd., Munsun Smart Mobility Fund LP and CM Securities Investment Limited (the “**Subscribers**”) as subscribers and CM Securities (Hongkong) Company Limited as sole lead arranger in relation to the issue by the Company to the Subscribers of the convertible bonds in the principal amount of HK\$300,000,000 (the “**Convertible Bond**”) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
  - (b) subject to the fulfillment of the conditions precedent set out in the Subscription Agreement, any one or more of the directors (the “**Director(s)**”) of the Company be and is/are hereby authorised to exercise all the powers of the Company and to take all steps as might in his/her/their opinion be desirable or necessary in connection with the Subscription Agreement, including without limitation, to issue the Convertible Bond in favour of the Subscribers;

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (c) the allotment and issue of new ordinary shares (the “**Conversion Shares**”) of HK\$0.01 each in the share capital of the Company upon exercise of the conversion rights attaching to the Convertible Bond pursuant to the terms of the Convertible Bond as set out in the bond instrument of the Convertible Bond attached to the Subscription Agreement be and is hereby approved, and the Directors be and are hereby granted a specific mandate to exercise the powers of the Company to allot and issue such number of Conversion Shares as may be required to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bond pursuant to the terms of the Convertible Bond, where such Conversion Shares shall rank equally in all respects among themselves and with all fully paid ordinary shares of the Company in issue as at the date of allotment and issue. The aforementioned specific mandate is in addition to, and shall not prejudice nor revoke any general or special mandate(s) which has/have been granted or may from time to time be granted to the Directors prior to the passing of this resolution; and
- (d) any one or more of the Directors be and is/are hereby authorised to do such acts and things, to sign and execute all such further documents (and to affix the common seal of the Company thereon, if necessary) and to take such steps as he/she/they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Subscription Agreement or any transactions contemplated thereunder and all other matters incidental thereto or in connection therewith, and to agree to and make such variations, amendments or waivers of any of the matters relating thereto or in connection therewith.”
2. “**THAT** Hon. Quat Elizabeth be re-elected as the independent non-executive Director of the Company.”

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

Hong Kong, 27 March 2017

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Notes:*

1. Any member entitled to attend and vote at the EGM 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.
2. 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 Shops 1712-1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the EGM (or any adjournment thereof).
3. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the EGM and in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. 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 EGM, 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.
5. The register of members will be closed from 10 April 2017 to 13 April 2017, both days inclusive, during which no transfer of shares will be registered. In order to be entitled to attend and vote at the EGM of the Company to be held on 13 April 2017, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on 7 April 2017.

*As at the date of this notice, Mr. Ma Chi Kong Karl (Chairman), Mr. Shen Xiao, Mr. Yang Ming, Mr. Du Peng, Mr. Woo Kar Tung Raymond and Ms. Cheung Joanna Wai Sze who are executive Directors, Mr. Tsang Ling Bui, Gilbert and Mr. Sheng Ruzhi who are non-executive Directors, and Hon. Quat Elizabeth (JP), Mr. Poon Chiu Kwok, Mr. Chen Jin and Mr. Wong Yuk Lun, Alan who are independent non-executive Directors.*