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SiS INTERNATIONAL HOLDINGS LIMITED

新龍國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00529)

PROPOSED SPIN-OFF AND SEPARATE LISTING OF SiS MOBILE HOLDINGS LIMITED ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

POSSIBLE MAJOR TRANSACTION

The Board proposes to spin-off and separately list the Group's Distribution Business on the Main Board of the Stock Exchange by way of a distribution in specie and a share offer. In this regard, the Company has submitted a spin-off proposal to the Stock Exchange pursuant to PN15 and the Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

The Board is pleased to announce that on 16 October 2014, a listing application form (Form A1) was submitted to the Stock Exchange for an application for the listing of, and permission to deal in, the shares of SiS Mobile, which is the subject of the Proposed Spin-off, on the Main Board of the Stock Exchange. It is intended that upon completion of the Proposed Spin-off and the Listing, the Company will have an interest of not less than 50% in SiS Mobile and therefore SiS Mobile will remain as a subsidiary of the Company.

In giving due regard to the interests of the Existing Shareholders as required under PN15, it is intended that, if the Proposed Spin-off proceeds, an assured entitlement to the shares of SiS Mobile will be provided to qualifying Shareholders by way of distribution in specie whereby a portion of the entire issued share capital of SiS Mobile will be allocated to Existing Shareholders in proportion to their respective shareholding in the Company.

The Proposed Spin-off constitutes a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. As one or more of the applicable percentage ratios represented by the Proposed Spin-off is or are expected to be 25% or more, the Proposed Spin-off, if proceeded, will constitute a major transaction for the Company under Chapter 14 of the Listing Rules. The Proposed Spin-off is therefore subject to, among other things, the approval of the Shareholders under paragraph 3(e)(1) of PN15 and Chapter 14 of the Listing Rules. The Company will comply with the requirements under paragraph 3(e)(1) of PN15 and the applicable requirements of Chapter 14 of the Listing Rules (including the announcement, circular, appointment of an independent financial adviser and shareholders' approval requirements) as and when necessary.

Shareholders and public investors should note that there is no assurance that the approval of the Listing Committee of the Stock Exchange for the Listing will be granted.

The Listing and the final structure of the Proposed Spin-off are subject to, among other things, the approval of Shareholders, the approval of the Stock Exchange, the final decision of the Board, market conditions and other considerations. Accordingly, Shareholders and potential investors should be aware that there is no assurance that the Proposed Spin-off and the Listing will take place and, if so, when they may take place. Shareholders and potential investors should exercise caution when dealing in or investing in the securities of the Company.

INTRODUCTION

The board of directors (the “**Board**”) of SiS International Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) proposes to spin-off and separately list the distribution business of mobile phone products in Hong Kong (the “**Distribution Business**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) by way of a distribution in specie and a share offer (the “**Proposed Spin-off**”). In this regard, the Company has submitted a spin-off proposal to the Stock Exchange pursuant to Practice Note 15 of the Listing Rules (“**PN15**”) and the Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

The Board is pleased to announce that on 16 October 2014, a listing application form (Form A1) was submitted to the Stock Exchange for an application for the listing of, and permission to deal in, the shares of SiS Mobile Holdings Limited (the “**Listing**”).

THE PROPOSED SPIN-OFF

The Proposed Spin-off involves the spin-off and separate listing of the shares of SiS Mobile Holdings Limited (“**SiS Mobile**”, and together with its subsidiaries, the “**Spin-off Group**”), a wholly-owned subsidiary of the Company. SiS Mobile is a company incorporated in the Cayman Islands on 4 July 2014 and is the holding company of certain subsidiaries of the Company which are principally engaged in the Distribution Business.

The Proposed Spin-off will be conditional upon, among other things, (i) the approval of the shareholders of the Company (the “**Shareholders**”) at a special general meeting; (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the shares of SiS Mobile in issue and any shares which may be issued in relation to the Proposed Spin-off on the Main Board of the Stock Exchange; and (iii) the final decision of the Board; (iv) market conditions and other considerations.

The Proposed Spin-off and the Listing will be effected whereby a portion of the entire issued share capital of SiS Mobile will be allocated to the existing shareholders of the Company (the “**Existing Shareholders**”) in proportion to their respective shareholding in the Company through a distribution by specie and a public offering of new shares of SiS Mobile. It is intended that upon completion of the Proposed Spin-off and the Listing, the Company will have an interest of not less than 50% in SiS Mobile and therefore SiS Mobile will remain as a subsidiary of the Company.

Upon completion of the Proposed Spin-off, there will be a clear delineation between the businesses of the Spin-off Group and the remaining businesses of the Group, which include:

- (a) distribution of I.T. and related products;
- (b) investment in promising businesses and/or I.T. companies; and
- (c) investments in real estate properties consisting of hotel, commercial, industrial and residential properties,

(together, the “**Retained Business**”).

If the Proposed Spin-off is effected, the net proceeds from the issue of new shares of SiS Mobile pursuant to the share offer will be used by the Spin-off Group mainly for, amongst others, upgrading its information system; future acquisitions of property for its office and warehouse and general working capital.

ASSURED ENTITLEMENT

In giving due regard to the interests of the Existing Shareholders as required under PN15, it is intended that, if the Proposed Spin-off proceeds, an assured entitlement to the shares of SiS Mobile will be provided to qualifying Shareholders by way of distribution in specie whereby a portion of the entire issued share capital of SiS Mobile will be allocated to Existing Shareholders in proportion to their respective shareholding in the Company.

The terms of such assured entitlement have not been finalized and will be announced in due course.

INFORMATION ON THE SPIN-OFF GROUP

The Spin-off Group, which commenced business in 2010, is one of the established distributors of mobile phone products in Hong Kong.

Set out below is certain selected financial information of the Spin-off Group based on its audited consolidated financial statements for the two years ended 31 December 2012 and 2013:

	For the year ended 31 December 2012 <i>HK\$'000</i>	For the year ended 31 December 2013 <i>HK\$'000</i>
Profit before tax	53,001	38,196
Profit after tax	44,697	33,491

As at 30 June 2014, based on the audited financial statements of the Spin-off Group, the net asset value of the Spin-off Group is HK\$88,284,000.

REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF

The Board believes that the Proposed Spin-off and the Listing will be beneficial to both the Company and SiS Mobile for the following reasons:

- i. as the strategic focus and consumer demographics are different for the Distribution Business and the Retained Business, the Proposed Spin-off and the Listing would enable investors to better understand the Company and SiS Mobile as separate entities rather than as a conglomerate;
- ii. the Proposed Spin-off and the Listing will allow both the Company and SiS Mobile to target their respective shareholder bases more effectively, which would in turn improve capital raising on a competitive basis and capital allocation to enhance growth within each company;
- iii. the Listing will enhance the Spin-off Group's profile amongst its customers, suppliers and other business partners, as well as its ability to recruit good talents available;
- iv. the Proposed Spin-off and the Listing will lead to a more direct alignment of the responsibilities and accountability of the management of both the Company and SiS Mobile with their respective operating and financial performance. It is expected to result in enhanced management focus on their respective businesses and improve SiS Mobile's ability to recruit, motivate and retain key management personnel, as well as to enhance its management incentives (through adoption of equity based incentive program such as a share option scheme), decision-making process and responsiveness to market changes;

- v. the Proposed Spin-off and the Listing will enable SiS Mobile to directly and independently access to both equity and debt capital markets, as well as facilitating it to secure bank credit facilities, which in turn will provide greater aggregate debt capacity to both the Company and SiS Mobile as there will be greater clarity on the overall businesses as well as the respective financial status of each of the Company and SiS Mobile; and
- vi. the Proposed Spin-off and the Listing will deliver greater shareholder value to the shareholders of both the Company and SiS Mobile on their respective merits and increase operational and financial transparency through which investors would be able to appraise and assess the performance and potential of the Group and in particular the Spin-off Group, as (a) SiS Mobile will enjoy enhanced flexibility to grow its business free of actual or perceived constraints as a wholly-owned subsidiary, (b) SiS Mobile will enjoy increased ability to make future acquisitions by using its shares as consideration, and (c) the Company will be able to enjoy greater shareholder value from the growth of SiS Mobile by maintaining a controlling interest over the Spin-off Group.

In light of the above reasons, the Directors believe that the Proposed Spin-off is in the best interests of the Shareholders.

LISTING RULES IMPLICATIONS

The Proposed Spin-off constitutes a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. As one or more of the applicable percentage ratios represented by the Proposed Spin-off is or are expected to be 25% or more, the Proposed Spin-off, if proceeded, will constitute a major transaction for the Company under Chapter 14 of the Listing Rules. The Proposed Spin-off is therefore subject to, among other things, the approval of the Shareholders under paragraph 3(e)(1) of PN15 and Chapter 14 of the Listing Rules. The Company will comply with the requirements under paragraph 3(e)(1) of PN15 and the applicable requirements of Chapter 14 of the Listing Rules (including the announcement, circular, appointment of an independent financial adviser and shareholders' approval requirements) as and when necessary.

Should the Proposed Spin-off proceed, a circular containing, among other things, further details of the Proposed Spin-off and the Listing and their effect on the Company as well as a notice of an special general meeting to be convened by the Company to approve the Proposed Spin-off and the Listing will be despatched to the Shareholders. As the listing application made by SiS Mobile is subject to the approval of the Stock Exchange and in view of such approval process, the expected date of despatch of the circular to the Shareholders will be more than 15 business days after the publication of this announcement. The Company will despatch the circular to the Shareholders as soon as practicable and it is currently expected that the special general meeting to approve the Proposed Spin-off and the Listing will be convened by the Company before the end of 2014.

To the best of the knowledge, information and belief of the directors of the Company, having made all reasonable enquiries, no Shareholder is required to abstain from voting at the special general meeting of Shareholders to be convened to consider and approve the Proposed Spin-off and the Listing.

GENERAL

A redacted form of the application proof of SiS Mobile's listing document is available for reviewing and downloading on the Stock Exchange's website at <http://www.hkexnews.hk/APP/SEHKAPPMMainIndex.htm>.

Details in respect of the Proposed Spin-off and the Listing, including their structure and expected timetable, have not yet been finalized.

Shareholders and public investors should note that there is no assurance that the approval of the Listing Committee of the Stock Exchange for the Listing will be granted.

The Listing and the final structure of the Proposed Spin-off are subject to, among other things, the approval of Shareholders, the approval of the Stock Exchange, the final decision of the Board, market conditions and other considerations. Accordingly, shareholders and potential investors should be aware that there is no assurance that the Proposed Spin-off and the Listing will take place and, if so, when they may take place. Shareholders and potential investors should exercise caution when dealing in or investing in the securities of the Company.

The Company will make further announcement(s) in relation to the Proposed Spin-off and the Listing in accordance with the requirements of the Listing Rules as and when appropriate.

By Order of the Board
SIS INTERNATIONAL HOLDINGS LIMITED
Chiu Lai Chun, Rhoda
Company Secretary

Hong Kong, 16 October 2014

As at the date of this announcement, the executive directors are Mr. Lim Kia Hong, Mr. Lim Kiah Meng, Mr. Lim Hwee Hai, Madam Lim Hwee Noi. The independent non-executive directors are Mr. Lee Hiok Chuan, Ms. Ong Wui Leng and Mr. Ma Shiu Sun, Michael.

* *For identification purposes only*