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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)

DISCLOSEABLE TRANSACTION ACQUISITION OF A TARGET COMPANY

The Board is pleased to announce that on 11 April 2018, the Purchaser and the Purchaser's Guarantor, each an indirect wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendors in relation to the Acquisition of the Sale Shares and the Sale Debt at the Consideration of HK\$182,000,000. The Acquisition is subject to the satisfaction of the Conditions as set out in the paragraph headed "Conditions precedent" below.

As one or more of the applicable percentage ratios in respect of the Acquisition under Chapter 14 of the Listing Rules exceed(s) 5% but is/are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

THE ACQUISITION

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Principal terms of the Acquisition Agreement are set out as follows:

Date

11 April 2018

Parties

- (1) New Smart International Limited (an indirect wholly-owned subsidiary of the Company), as the Purchaser;

** For identification purpose only*

- (2) SiS China Limited (an indirect wholly-owned subsidiary of the Company), as the Purchaser's Guarantor;
- (3) Mr. C, an individual with Hong Kong residency, as one of the Vendors; and
- (4) Mr. L, an individual with Hong Kong residency, as one of the Vendors.

To the best of the Directors' knowledge, information and belief, and after having made all reasonable enquiries, each of the Vendors is an Independent Third Party.

Subject matter

Pursuant to the Acquisition Agreement, the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Sale Shares and the Sale Debt.

The Sale Shares represent the entire issued share capital of the Target Company, which shall be sold to the Purchaser free from all encumbrances and third party rights. The principal asset of the Target Group is the Property.

The Sale Debt represents the right to all debts owing by the Target Company to the Vendors as at Completion, which shall be assigned to the Purchaser free from all encumbrances and third party rights. As at 31 March 2018, the Sale Debt amounted to approximately HK\$12,929,000. The principal amount of the Sale Debt is non-interest bearing.

The sale and purchase of the Sale Shares and the assignment of the Sale Debt together form an integral transaction and therefore completion of both will take place simultaneously.

Consideration and payment terms

The Consideration of the Acquisition is HK\$182,000,000, which shall be satisfied by the Purchaser in the following manner:

1. an initial deposit of HK\$9,100,000 (the "**Initial Deposit**"), representing 5% of the Consideration, shall be payable by the Purchaser to the Vendors' solicitors (the "**Vendors' Solicitors**") as stakeholder upon signing of the Acquisition Agreement;
2. a further deposit of HK\$9,100,000 (the "**Further Deposit**", together with the Initial Deposit, the "**Deposits**"), representing 5% of the Consideration, shall be payable by the Purchaser to the Vendors' Solicitors as stakeholder on or before 18 April 2018; and
3. a sum of HK\$163,800,000 (the "**Balance**"), representing the remaining balance of the Consideration, shall be payable by the Purchaser and the Deposits shall be released to the Vendors upon Completion.

The Consideration was determined after arm's length negotiations between the parties to the Acquisition Agreement with reference to, among others, (i) the transacted prices of comparable properties in the vicinity of the Property; (ii) the historical rates of rental income derived from the Property; and (iii) the Board's estimation of the fair value of the Property based on the prevailing market conditions. The Directors consider the Consideration to be fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

The Company intends to finance the Consideration by a combination of internal resources of the Group and bank financing.

In addition to the Consideration, the Purchaser shall pay an additional sum of HK\$266,697 (the “**Additional Amount**”) to the Vendors upon Completion as compensation for the management, water and electricity deposits which are currently in the account of the Property Company and will be retained by the Property Company after Completion.

Conditions precedent

The Acquisition is conditional upon the satisfaction of the following conditions precedent (the “**Conditions**”):

1. the Purchaser having completed due diligence review on the business, financial, legal and other aspects of the Target Group to its reasonable satisfaction within 45 days from the date of the Acquisition Agreement;
2. the Vendors having procured the Property Company to give and prove title to the Property within 45 days from the date of the Acquisition Agreement; and
3. all representations and warranties given by the Vendors in the Acquisition Agreement being true and accurate in all material respects as at Completion.

If any of the Conditions is not fulfilled not owing to the default or delay by the Purchaser (or waived by the Purchaser) within the said 45 days for the Conditions set out in paragraphs 1 and 2 above and as at Completion for the Condition set out in paragraph 3 above, the Purchaser shall be entitled to cancel the Acquisition, whereupon the Deposits shall be returned without interest to the Purchaser within 7 days and neither parties shall have further claims against the other.

Completion

Subject to the satisfaction of the Conditions, the Completion shall take place on or before 29 June 2018 (or such later date as the Vendors and the Purchaser may agree in writing). Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the books of the Company.

Guarantee provided by the Purchaser’s Guarantor

Pursuant to the Acquisition Agreement, the Purchaser’s Guarantor has agreed to guarantee in favour of the Vendors and procure the due observance and performance by the Purchaser of all its payments agreements, obligations, commitments and undertakings under the Acquisition Agreement.

INFORMATION OF THE TARGET GROUP AND THE PROPERTY

The Target Group

The Target Company is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. It is the sole legal and beneficial owner of the entire issued share capital of the Property Company. As at the date of this announcement, the Target Company is held as to 100% by the Vendors collectively.

The Property Company is a company incorporated in the Hong Kong with limited liability and is principally engaged in property investment. Its principal asset is the Property.

Set out below is the consolidated financial information of the Target Group for the two years ended 31 December 2016 and 2017:

	For the year ended 31 December 2016	For the year ended 31 December 2017
	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net profit before taxation	284	3,286
Net profit after taxation	284	3,286
		As at 31 December 2017
		<i>(unaudited)</i>
		<i>HK\$'000</i>
Net liabilities		11,844

The Property

The Property, located at Factory Units 1-3 and 5-13 and 15-22 on 31st Floor, No.1 Hung To Road, Kowloon, Hong Kong, is an industrial property with a total gross floor area of approximately 22,766 square feet. To the best information, knowledge and belief of the Directors, certain units of the Property are currently leased to several tenants (the “Leases”) and the total rental income derived from the Property amounted to approximately HK\$3,837,000 and HK\$3,618,000 for the two years ended 31 December 2016 and 2017, respectively. The remaining units of the Property were in vacant possession. Pursuant to the Acquisition Agreement, the Property shall be delivered in vacant possession upon Completion, save and except for the Leases.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment trading, and investment holding company and provides corporate management services. The principal activities of the Group include real estate investment, mobile & IT products distribution as well as investments in promising businesses and securities. The Acquisition is in line with the Group’s strategy in investing in income generating real estate with a potential of capital appreciation in the long run.

Taking into account the above factors, the Directors consider that the terms of the Acquisition Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition (calculated based on the sum of the Consideration and the Additional Amount) under Chapter 14 of the Listing Rules exceed(s) 5% but is/are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“%”	per cent
“Acquisition”	the acquisition of the Sale Shares and the Sale Debt by the Purchaser from the Vendors pursuant to the terms of Acquisition Agreement
“Acquisition Agreement”	a provisional sale and purchase agreement dated 11 April 2018 and entered into among the Purchaser, the Purchaser's Guarantor and the Vendors in relation to the Acquisition
“Board”	the board of Directors
“Company”	SiS International Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange (Stock Code 00529)
“Completion”	completion of the Acquisition pursuant to the Acquisition Agreement
“Consideration”	the total consideration of the Acquisition in the amount of HK\$182,000,000
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Independent Third Party”	an independent third party not connected with the Company or its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules governing the Listing of Securities on the Stock Exchange

“Property”	Factory Units 1-3 and 5-13 and 15-22 on 31 st Floor, No.1 Hung To Road, Kowloon, Hong Kong
“Property Company”	Charmax Enterprises Limited, a company incorporated in Hong Kong with limited liability, a direct wholly-owned subsidiary of the Target Company, the sole legal and beneficial owner the Property
“Purchaser”	New Smart International Limited, a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company
“Purchaser’s Guarantor”	SiS China Limited, a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company
“Sale Shares”	2 ordinary shares representing the entire issued share capital of the Target Company
“Sale Debt”	the right to all debts owing by the Target Company to the Vendors as at Completion
“Shareholders”	registered holders of the Shares from time to time
“Shares”	ordinary shares of HK\$0.10 each of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Glorious Prime Limited, a company incorporated in the British Virgin Islands with limited liability, which is held as to 100% by the Vendors collectively as at the date of this announcement, the sole legal and beneficial owner of the entire issued share capital of the Property Company
“Target Group”	the Target Company and the Property Company
“Vendors”	Mr. C and Mr. L, each an Independent Third Party

By Order of the Board
SiS International Holdings Limited
Chiu Lai Chun, Rhoda
Company Secretary

Hong Kong, 11 April 2018

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.