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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: 529)

ANNOUNCEMENT

VERY SUBSTANTIAL DISPOSAL

DISPOSAL OF THE IT DISTRIBUTION BUSINESS

The Directors are pleased to announce that on 26 November 2010, the Seller (a wholly-owned subsidiary of the Company) as seller entered into the Agreement with the Purchaser as buyer together with the Company and the Purchaser Holdco in relation to the sale and purchase of the IT Distribution Business (effected through the Disposal) for a total consideration of approximately US\$130 million consisting a cash consideration of US\$70 million and a Net Asset Value Payment (which is estimated to be approximately US\$60 million). Upon Completion, the Group would cease to have any interest in the Target Companies.

The Remaining Group expects to realise an estimated gain of approximately US\$70 million from the Disposal.

As the relevant percentage ratios under Rule 14.07 of the Listing Rules exceed 75%, the Disposal constitutes a very substantial disposal of the Company under the Listing Rules and is subject to approval by the Shareholders at the SGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is an Independent Third Party. To the best of the Directors' knowledge, no Shareholder has a material interest in the Disposal and, accordingly, no Shareholder is required to abstain from voting at the SGM.

A circular containing, among others, further information on the Disposal and a notice of the SGM will be despatched to the Shareholders on or before 17 December 2010 in accordance with the relevant requirements of the Listing Rules.

** For identification purpose only.*

BACKGROUND

The Directors are pleased to announce that on 26 November 2010, the Seller (a wholly-owned subsidiary of the Company) as seller entered into the Agreement with the Purchaser as buyer together with the Company and the Purchaser Holdco in relation to the sale and purchase of the IT Distribution Business (effected through the Disposal) for a total consideration of approximately US\$130 million consisting of cash consideration of US\$70 million and a Net Asset Value Payment (which is estimated to be approximately US\$60 million). Details of the Disposal are set out below:

AGREEMENT

Date

26 November 2010

Parties

- (a) the Seller;
- (b) the Company;
- (c) the Purchaser; and
- (d) the Purchaser Holdco

The Company and the Purchaser Holdco have agreed to guarantee the performance of the obligations of the Seller and the Purchaser, respectively, under the Agreement.

Assets to be disposed of

The assets to be disposed of are the entire issued share capital of the Target Companies (i.e. the Sale Shares). Upon Completion, the Group would cease to hold any interest in the Target Companies and would have disposed of the IT Distribution Business as carried on by the Target Companies in the Territories.

Condition precedents

Completion is conditional upon the following conditions (the **Conditions**) being satisfied (or waived):

- (a) the transfer of the legal ownership of one share of SiS International Limited which have been held on trust for the benefit of the Seller back to the Seller;
- (b) the transfer out of the Excluded Assets from the Target Companies; and
- (c) the Company obtaining approval from the Shareholders to the Disposal as contemplated under the Agreement in compliance with the Listing Rules.

If any of the Conditions has not been satisfied or waived (as the case may be) by 6 p.m. (Hong Kong time) on 31 March 2011 (or such later date as may be agreed in writing between the Seller and the Purchaser), the Agreement shall cease to have effect immediately.

Completion

Completion shall take place on the fifth Business Day after the Conditions are satisfied.

Consideration

The consideration for the Disposal (the **Consideration**) is as follows:

- (a) a sum of US\$70 million payable at Completion; and
- (b) an additional sum equivalent to the total net asset value of the Target Companies (the **Net Asset Value Payment**) determined based on the completion accounts (which is estimated to be US\$60 million) which will be payable within 14 Business Days after the completion accounts are finalised.

The Consideration was arrived at after arm's length negotiations between the parties and by reference to the respective net asset values and prospects of the Target Companies.

At Completion, a tax deed will be entered into amongst (inter alia) the Seller, the Company and the Purchaser in respect of certain taxation indemnities to be given by the Seller to the Purchaser (for itself and as trustee for the Target Companies).

Other agreements

The Company has agreed to provide certain management services to the Purchaser Holdco and the Enlarged Purchaser Group for a period of up to 2 years from the Completion Date for a fixed monthly fee (and a thirteenth month payment) of HK\$450,000 and annual bonuses (of between HK\$1.68 million to HK\$6.3 million) (subject to the meeting of certain performance target). The services provided by the Company are relating to the management of the Target Companies and the integration of them into the Enlarged Purchaser Group after Completion.

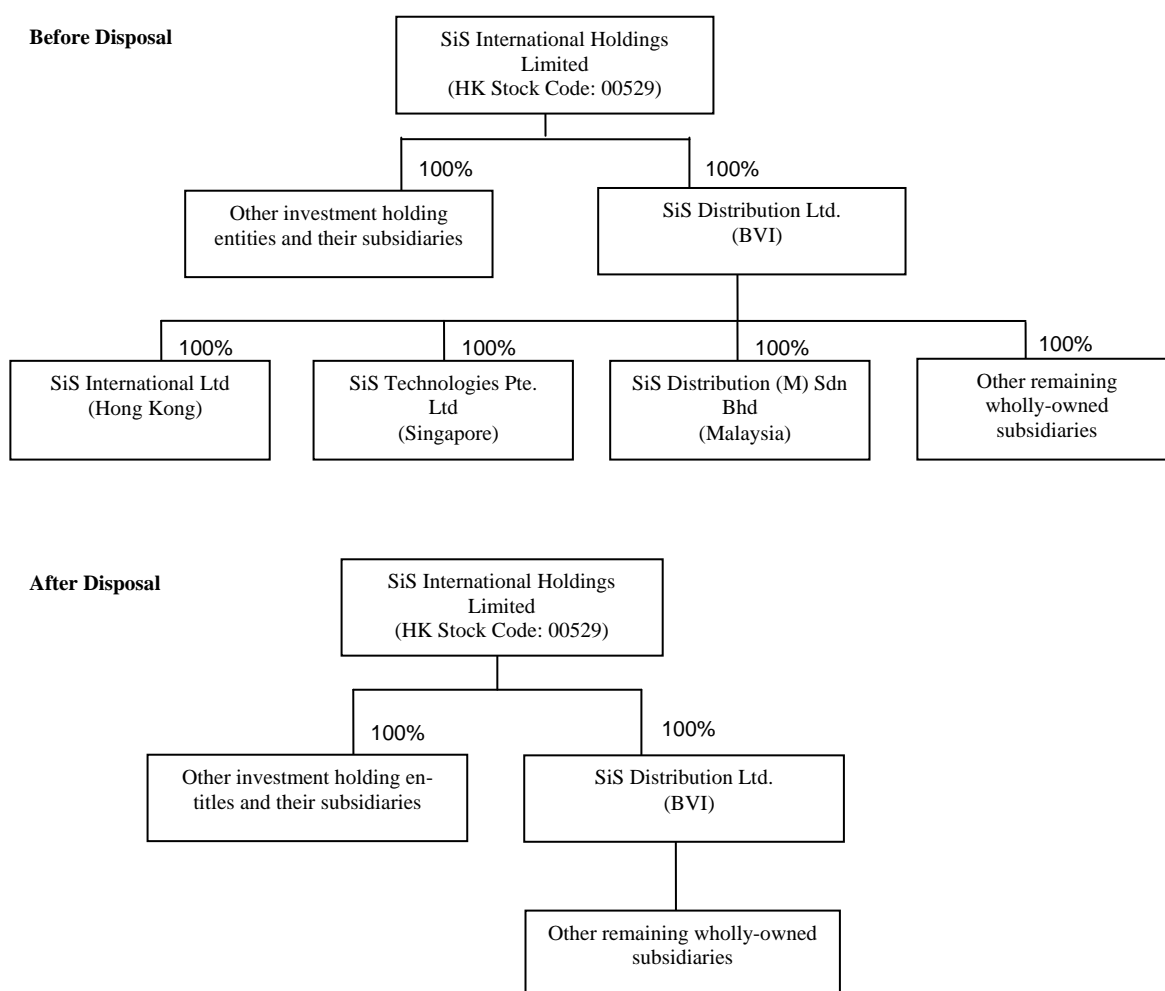
The Company has also agreed to grant to the Purchaser Holdco and the Enlarged Purchaser Group an exclusive license to use with the IT Distribution Business in the Territories certain trademarks and domain names belonging to the Group for a specified period at an annual fee of US\$30,000 per annum.

The Seller (on behalf of itself and its Group members) has undertaken to the Purchaser that, for a period of 30 months from the Completion Date, it shall not engage, carry on, or participate in, a business that competes, directly or indirectly, with the IT Distribution Business (excluding the distribution of certain own branded products and mobile phone products) carried on by the Enlarged Purchaser Group in the Territories at the date of the Agreement nor to solicit their suppliers and employees (save as otherwise permitted). Each of the Senior Management has also agreed to provide similar undertakings in favour of the Purchaser Holdco and the Company at Completion.

The Purchaser has agreed to pay to the Seller a sum equivalent to a pre-agreed percentage of the Adjusted PBIT for each of the two financial years ending 31 December 2011 and 2012, provided that the minimum payment in each financial year shall be US\$1.5 million and the maximum payment shall be US\$4.5 million.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Upon Completion, each of the Target Companies will cease to be a subsidiary of the Company. The ownership structure of the Group before and after the Disposal is set out below:



The Directors consider that the Disposal will enable the Group to further strengthen its current cash-flow and liquidity position and increase the general working capital and cash resources for any future potential investment opportunities that may arise from time to time. The Directors are also of the view that the Disposal would enable the Group to realise its investments in the Target Companies at a fair price.

The Remaining Group expects to realise an estimated gain of approximately US\$70 million from the Disposal which is calculated based on the Consideration and the respective net asset values of the Target Companies recorded in their respective unaudited statement of financial position as at 30 June 2010.

The Directors, including the independent non-executive Directors, consider that the terms and conditions of the Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

Based on the financial information of the Company as at 30 June 2010, the book value of total assets still retained by the Remaining Group immediately upon Completion (including the Consideration) would amount to approximately HK\$1,658 million, of which properties and other investments will account for HK\$614 million. The Directors are therefore of the view that the Company would not, immediately after the Disposal, be a "cash company" as described under Rule 14.82.

USE OF PROCEEDS

The Directors intend that the net proceeds from the Disposal will be used for settlement of bank loans, expanding mobile phone products and solutions distribution business, developing new business in providing distribution management services and for future investment in businesses and/or properties when suitable opportunities arise. The remaining proceeds will be used as general working capital of the Group.

INFORMATION ON THE GROUP AND THE TARGET COMPANIES

The Group

The Group is principally engaged in IT distribution, investment in IT business and real estate investments.

The Target Companies

The Target Companies are principally engaged in the IT Distribution Business in the Territories. The combined net profits (both before and after taxation and extraordinary items) attributable to the Target Companies for the two financial years ended 31 December 2008 and 2009 immediately preceding the Agreement and the combined net asset value as at 30 June 2010 were as follows:

	For the two financial years ended 31 December	
	2008	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Combined net profits before taxation and extraordinary items	77,191	64,721
Combined net profits after taxation and extraordinary items	65,011	55,463

As at 30 June 2010
HK\$'000
(unaudited)

Combined net asset value 471,081

INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of Jardine OneSolution Holdings Limited. Jardine OneSolution Holdings Limited and its subsidiaries are engaged in the marketing and distribution of IT hardware and software, telecommunication, networking and office automation products and the provision of related technical services and solutions. Jardine OneSolution Holdings Limited is in turn an indirectly wholly-owned subsidiary of Jardine Matheson Holdings Limited. Jardine Matheson Holdings Limited is incorporated in Bermuda and has a premium listing on the London Stock Exchange, with secondary listings in Bermuda and Singapore.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate parent company are Independent Third Parties.

LISTING RULES IMPLICATION

As the relevant percentage ratios under Rule 14.07 of the Listing Rules exceed 75%, the Disposal constitutes a very substantial disposal for the Company under the Listing Rules and is subject to the approval of the Shareholders.

GENERAL

The SGM will be convened and held to consider and, if thought fit, pass the necessary resolutions to approve the Disposal.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, none of the Shareholders will be required to abstain from voting at the SGM.

A circular containing, inter alia, further information on the Disposal, the Agreement and other information prescribed by the Listing Rules and a notice of the SGM will be despatched to the Shareholders on or before 17 December 2010 in accordance with the relevant requirements of the Listing Rules.

DEFINITIONS

Agreement	the agreement dated 26 November 2010 entered into between the Seller, the Company, the Purchaser and the Purchaser Holdco in relation to the sale and purchase of the Sale Shares
Adjusted PBIT	in relation to any financial year within the Earn-out Period, the profit before interest, taxation, amortisation of intangible assets arising from the Disposal and financing charges of the Disposal of the Enlarged Purchaser Group
Business Day	a day on which banks are open in Hong Kong for business
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: 529)
Completion	the completion of the Disposal
Director(s)	the directors of the Company
Disposal	the sale of the Sale Shares by the Seller to the Purchaser pursuant to the Agreement
Earn-Out Period	the two financial years commencing on 1 January 2011 and ending 31 December 2011 and 2012, provided that if Completion takes place later than 31 December 2010, the commencement date of the Earn-out Period shall be amended to be the date falling on the beginning of the first calendar month following Completion
Enlarged Purchaser Group	the Target Companies, Jardine OneSolution (HK) Limited, JOSD Pte Limited, JOSD Sdn Bhd, Jardine OneSolution (2001) Sdn Bhd and Jardine OneSolution (Macau) Limited
Excluded Assets	consist of (1) certain shares of companies listed on the Hong Kong Stock Exchange, the Singapore Stock Exchange and the Australian Stock Exchange; (2) a number of motor cars; and (3) a real estate property in the PRC, which are to be transferred out from the Target Companies prior to Completion
Group	the Company and its subsidiaries
HK\$	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	Hong Kong Special Administrative Region, the People's Republic of China

Independent Third Party(ies)	third parties independent of the Company and connected persons (as defined under the Listing Rules) of the Company
IT Distribution Business	IT (2-tier) distribution business
Listing Rules	The Rules Governing the Listing of Securities on the Stock Exchange
Purchaser	Jardine OneSolution (BVI) Limited, a company incorporated in the British Virgin Islands, the purchaser of the Sale Shares pursuant to the Agreement
Purchaser Holdco	Jardine OneSolution Holdings Limited, the immediate holding company of the Purchaser
Remaining Group	the Group excluding the Target Companies
Sale Shares	the entire issued share capital of each of the Target Companies
Seller	SiS Distribution Limited, a company incorporated in the British Virgin Islands, being a wholly-owned subsidiary of the Company
Senior Management	Mr. Lim Kia Hong, Mr. Lim Kiah Meng and Mr. Lim Hwee Hai
SGM	the special general meeting of the Company to be held to approve, among others, the Disposal
Shareholders	the shareholders of the Company
Stock Exchange	The Stock Exchange of Hong Kong Limited
Target Companies	the three wholly-owned subsidiaries of the Company carrying on the IT Distribution Business, namely: <ul style="list-style-type: none"> (i) SiS International Limited, a company incorporated in Hong Kong; (ii) SiS Technologies Pte Ltd, a company incorporated in Singapore; and (iii) SiS Distribution (M) Sdn Bhd, a company incorporated in Malaysia

Territories Hong Kong, Singapore, Malaysia and Macau

US\$ United States dollars, the lawful currency of the United States of America

On Behalf of the Board
SiS International Holdings Limited
Lim Kia Hong
Chairman

Hong Kong, 26 November 2010

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