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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)

**MAJOR TRANSACTION AND DEEMED DISPOSAL IN RELATION TO
THE PROPOSED SPIN-OFF AND SEPARATE LISTING OF
SiS MOBILE HOLDINGS LIMITED
ON THE MAIN BOARD OF
THE STOCK EXCHANGE OF HONG KONG LIMITED**

Independent Financial Adviser to the Independent Board Committee and the Shareholders



**普頓資本有限公司
PROTON CAPITAL LIMITED**

A letter from Proton Capital Limited, the independent financial adviser to the Independent Board Committee and the Shareholders, containing its advice in relation to the Proposed Spin-off is set out on pages 19 to 32 of this circular.

* *For identification purposes only*

CONTENTS

	<i>Pages</i>
DEFINITIONS	1–4
LETTER FROM THE BOARD	5–17
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	18
LETTER FROM PROTON CAPITAL	19–32
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	33–34
APPENDIX II — GENERAL INFORMATION	35–40

DEFINITIONS

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

“Board”	the board of Directors
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“CCASS Clearing Participant(s)”	person(s) admitted to participate in CCASS as direct clearing participant(s) or general clearing participant(s)
“CCASS Custodian Participant(s)”	person(s) admitted to participate in CCASS as custodian participant(s)
“Company”	SiS International Holdings Limited, a company incorporated in Bermuda with limited liability on 8 July 1992, whose shares are listed on the Main Board of the Stock Exchange (stock code: 00529) and the SiS Mobile Controlling Shareholder
“Director(s)”	the director(s) of the Company
“Distribution”	(subject to the Global Offering becoming unconditional in all respects) the payment of a special interim dividend by the Company to its Shareholders to be satisfied: <ul style="list-style-type: none">i. by way of distribution in specie of such number of SiS Mobile Shares to the Qualifying Shareholders in the proportion of thirty-two SiS Mobile Shares for every one hundred Shares held by them as at the close of business on the Distribution Record Date; andii. by way of cash payment (after deducting expenses) to the Excluded Shareholders for such amount which equals to the net proceeds of the sale by the Company on their behalf of the SiS Mobile Shares to which such Excluded Shareholders would otherwise be entitled to receive
“Distribution Record Date”	12 January 2015, being the record date for ascertaining entitlements to the Distribution

DEFINITIONS

“Excluded Shareholders”	(i) Overseas Shareholder(s) in relation to whom the Directors, having made relevant enquiries, consider its/their exclusion from the entitlement to receive SiS Mobile Shares under the Distribution to be necessary or expedient having regard to the number of the Overseas Shareholders involved in that jurisdiction and the size of their shareholdings in the Company; and (ii) Ms. Chu Chung Yi
“Global Offering”	the issue and offer of the SiS Mobile Shares for subscription in Hong Kong and for placing to professional, institutional and other investors
“Group”	the Company and its subsidiaries including the SiS Mobile Group
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee formed by the Company comprising of independent non-executive Directors to advise the Shareholders on the Proposed Spin-off
“Independent Financial Adviser” or “Proton Capital”	Proton Capital Limited, a corporation licensed to carry out business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and is the independent financial adviser to the Independent Board Committee and the Shareholders in connection with the Proposed Spin-off
“I.T.”	information technology
“Latest Practicable Date”	22 December 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Lim’s Family”	Mr. Lim Kiah Meng and Mr. Lim Kia Hong (including their respective spouses and children aged below 18) and Mr. Lim Hwee Hai and Madam Lim Hwee Noi
“Listing”	the listing of SiS Mobile Shares on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time)

DEFINITIONS

“Madam Lim Hwee Noi”	Madam Lim Hwee Noi, an executive Director, sister of Mr. Lim Kiah Meng and Mr. Lim Kia Hong, and spouse of Mr. Lim Hwee Hai
“Mobile Phone Distribution Business”	distribution of mobile phone products in Hong Kong
“Mr. Lim Hwee Hai”	Mr. Lim Hwee Hai, an executive Director and brother-in-law of Mr. Lim Kiah Meng and Mr. Lim Kia Hong and spouse of Madam Lim Hwee Noi
“Mr. Lim Kiah Meng”	Mr. Lim Kiah Meng, an executive Director, brother of Mr. Lim Kia Hong and Madam Lim Hwee Noi, and brother-in-law of Mr. Lim Hwee Hai
“Mr. Lim Kia Hong”	Mr. Lim Kia Hong, an executive Director, brother of Mr. Lim Kiah Meng and Madam Lim Hwee Noi, and brother-in-law of Mr. Lim Hwee Hai
“Ms. Chu Chung Yi”	Ms. Chu Chung Yi, an independent non-executive director appointed to SiS Mobile
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) appearing on the register of members of the Company at the close of business on the Distribution Record Date are in jurisdictions outside Hong Kong
“PN15”	Practice Note 15 of the Listing Rules
“Proposed Spin-off”	the proposed disposal of part of the Company’s interest in SiS Mobile by way of a separate listing of SiS Mobile Shares on the Main Board of the Stock Exchange
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appearing on the register of members of the Company at the close of business on the Distribution Record Date other than the Excluded Shareholders
“Remaining Group”	the Group excluding the SiS Mobile Group
“SFC”	The Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (chapter 571 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company

DEFINITIONS

“Shareholder(s)”	holder(s) of the Share(s)
“SiS Mobile”	SiS Mobile Holdings Limited, an exempted company incorporated in the Cayman Islands on 4 July 2014 under the Companies Law (as revised) of the Cayman Islands (as amended, supplemented or otherwise modified from time to time) with limited liability
“SiS Mobile Controlling Shareholder”	the Company
“SiS Mobile Group”	SiS Mobile and its subsidiaries
“SiS Mobile Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of SiS Mobile
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent



SiS INTERNATIONAL HOLDINGS LIMITED

新龍國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00529)

Executive Directors:

Mr. Lim Kia Hong
Mr. Lim Kiah Meng
Mr. Lim Hwee Hai
Madam Lim Hwee Noi

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Independent Non-executive Directors:

Mr. Lee Hiok Chuan
Ms. Ong Wui Leng
Mr. Ma Shiu Sun, Michael

Principal place of business

in Hong Kong:
803 Nine Queen's Road Central
Hong Kong

24 December 2014

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION AND DEEMED DISPOSAL IN RELATION TO
THE PROPOSED SPIN-OFF AND SEPARATE LISTING OF
SiS MOBILE HOLDINGS LIMITED
ON THE MAIN BOARD OF
THE STOCK EXCHANGE OF HONG KONG LIMITED**

INTRODUCTION

Reference is made to the announcement of the Company dated 16 October and 22 December 2014 in respect of the Proposed Spin-off.

The purposes of this circular are to: (i) provide the Shareholders with information on the reasons for, and the benefits of, the Proposed Spin-off (together with such other information relating to the Proposed Spin-off as required by the Listing Rules for a major transaction of the Company); (ii) set out the recommendation of the Independent Board Committee to the Shareholders regarding the Proposed Spin-off; and (iii) set out the letter of advice from Proton Capital containing its recommendation to the Independent Board Committee and the Shareholders regarding the Proposed Spin-off.

* *For identification purposes only*

LETTER FROM THE BOARD

THE PROPOSED SPIN-OFF OF SiS MOBILE

The Company had submitted a spin-off proposal to the Stock Exchange pursuant to PN15 in relation to the Proposed Spin-off. The Stock Exchange approved the PN15 submission on 22 September 2014 and confirmed that the Company may proceed with the Proposed Spin-off.

On 16 October 2014, SiS Mobile submitted a listing application form to the Stock Exchange for an application for the listing of and permission to deal in the SiS Mobile Shares in issue and any SiS Mobile Shares which may be issued in relation to the Proposed Spin-off on the Main Board of the Stock Exchange.

The Proposed Spin-off is expected to be effected by way of the Global Offering together with the Distribution. A redacted form of the application proof of SiS Mobile's listing document, which contains certain information of the Global Offering, is available for reviewing and downloading on the Stock Exchange's website at <http://www.hkexnews.hk/APP/SEHKAPPMainIndex.htm>.

It is expected that immediately after the Proposed Spin-off, SiS Mobile will have a public float of not less than 25% of its enlarged issued share capital. The new SiS Mobile Shares to be issued pursuant to the Global Offering will rank *pari passu* in all respects with all other SiS Mobile Shares then in issue.

The Company confirms, that to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, under the Global Offering, the SiS Mobile Shares are expected to be offered to third parties independent of the Company.

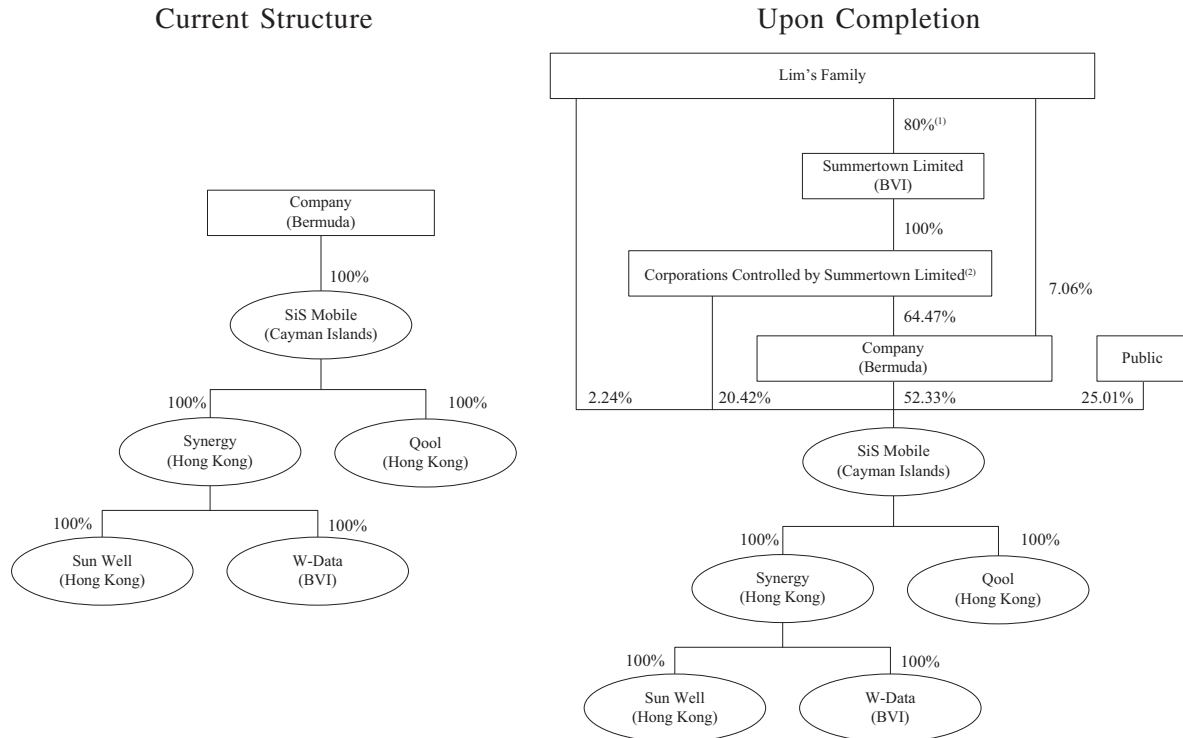
Shareholding effects of the Proposed Spin-off

As at the Latest Practicable Date, SiS Mobile was owned as to 100% directly by the Company and the SiS Mobile Group was comprised of the following companies:

Company's name	Principal business activity
SiS Mobile Holdings Limited	Investment holding
Qool International Limited (“Qool”)	Distribution of mobile phone and related products
Sun Well Limited (“Sun Well”)	Retail sale of mobile phones and related products
Synergy Technologies (Asia) Limited (“Synergy”)	Distribution of mobile phones and related products
W-Data Technologies Limited (“W-Data”)	Liaison office of the SiS Mobile Group

LETTER FROM THE BOARD

The corporate and shareholding structure of the SiS Mobile Group as at the Latest Practicable Date is extracted and set out below. Upon the completion of the Proposed Spin-off and the Listing, assuming no new Shares will be issued before the Distribution Record Date, the Company's equity interest in SiS Mobile will be reduced to 52.33%. The shareholding structure of the SiS Mobile Group upon completion of the Proposed Spin-off and the Listing is also extracted and set out below.



Notes:

- (1) The 80% interest in Summertown Limited are held only by Mr. Lim Kiah Meng and Mr. Lim Kia Hong (including their respective spouses), excluding Mr. Lim Hwee Hai and Madam Lim Hwee Noi.
- (2) The corporations controlled by Summertown Limited are Gold Sceptre Limited, Kelderman Limited, Valley Tiger Limited and Swan River Limited.

Conditions precedent to the Proposed Spin-off

The Proposed Spin-off will be conditional upon, among other things:

- i. the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the SiS Mobile Shares in issue and any SiS Mobile Shares which may be issued on the Main Board of the Stock Exchange; and
- ii. the obligations of the underwriters under the underwriting agreements to be entered into between, among others, the Company, SiS Mobile and the underwriters in respect of the Global Offering becoming and remaining unconditional and not having

LETTER FROM THE BOARD

been terminated in accordance with their respective terms, on or before the dates and times to be specified therein and in any event not later than the date which is 30 days after the date of the listing document to be issued for the Global Offering.

If any of these and other applicable conditions are not fulfilled or waived, if applicable, prior to the dates and times to be specified, the Proposed Spin-off will not proceed and an announcement will be published by the Company as soon as practicable thereafter.

Intended use of proceeds

SiS Mobile currently intends to apply the net proceeds from the Global Offering in the following manner:

- i. approximately 11.0% to upgrade the information system of the SiS Mobile Group to further improve its operational management capability;
- ii. approximately 79.7% for acquisition of property for the office and warehouse of the SiS Mobile Group; and
- iii. approximately 9.3% for working capital and other general corporate purposes.

Restrictions on the disposal of the SiS Mobile Shares

The SiS Mobile Controlling Shareholder will be subject to restrictions on the disposal of the SiS Mobile Shares whereby, other than pursuant to the Global Offering, the SiS Mobile Controlling Shareholder, shall not: (i) in the period commencing on the date as specified in the listing document to be issued for the Global Offering and ending on the date which is six months from the date of Listing, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities of SiS Mobile which are shown by such listing document to be beneficially owned by them; and (ii) in the period of six months commencing on the date on which the period referred to in (i) above expires, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities of SiS Mobile referred to in (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, the SiS Mobile Controlling Shareholder would collectively cease to be entitled to exercise or control the exercise of 30% of the voting power at general meetings of SiS Mobile. As a result of such restrictions, the Remaining Group shall retain the SiS Mobile Shares to be held by it for at least the abovementioned periods.

LETTER FROM THE BOARD

Business overview of the SiS Mobile Group

The SiS Mobile Group is principally engaged in the Mobile Phone Distribution Business. The table below sets forth the breakdown of revenue contribution of SiS Mobile and their percentage of the total revenue of SiS Mobile for each of the three years ended 31 December 2011, 31 December 2012 and 31 December 2013 and each of the six months ended 30 June 2013 and 30 June 2014 respectively:

	For the year ended 31 December						For the six months ended 30 June			
	2011		2012		2013		2013		2014	
	Amount <i>HK\$'000</i>	Percentage of total revenue %	Amount <i>HK\$'000</i>	Percentage of total revenue %	Amount <i>HK\$'000</i>	Percentage of total revenue %	Amount <i>HK\$'000</i> (unaudited)	Percentage of total revenue %	Amount <i>HK\$'000</i>	Percentage of total revenue %
Mobile phones	455,751	88.7	1,232,678	89.5	1,127,614	88.5	535,021	89.0	749,652	88.5
Others <i>(Note 1)</i>	57,849	11.3	143,897	10.5	147,231	11.5	66,001	11.0	97,071	11.5
Total	513,600	100.0	1,376,575 <i>(Note 2)</i>	100.0	1,274,845 <i>(Note 3)</i>	100.0	601,022	100.0	846,723	100.0

Notes:

- (1) Others include (i) sales of tablets and service income from provision of customer support services for certain brands of products and (ii) sales of mobile phone accessories, TVs, home theatres, blu-ray players, digital still cameras, monitors and printers at the two stores in Yuen Long and Tseung Kwan O of the SiS Mobile Group which were opened in 2013.
- (2) The significant increase of revenue of SiS Mobile Group recorded for the year ended 31 December 2012 as compared to the year ended 31 December 2011 was partly attributable to its acquisition of Synergy in July 2011.
- (3) The decrease of revenue of the SiS Mobile Group recorded for the year ended 31 December 2013 as compared to the year ended 31 December 2012 was mainly attributable to the decrease in sales volume of the mobile phones of some of the major brands it distributed in 2013.

Remaining Group and the SiS Mobile Group after the Proposed Spin-off

1. Delineation of businesses

After the Proposed Spin-off, there will be a clear delineation of business between the Remaining Group and the SiS Mobile Group:

- i. The Remaining Group will focus on investment in promising businesses and/or I.T. companies, investments in real estate properties consisting of hotel, commercial, industrial and residential properties and provides distribution of I.T. and related products (such as printers and other computer hardware and software products, which are significantly different from mobile phone products) generally in Asia.
- ii. The SiS Mobile Group will focus on the Mobile Phone Distribution Business.

LETTER FROM THE BOARD

There is a clear business delineation between the respective products and/or services supplied by the SiS Mobile Group and the Remaining Group as they are either of a different nature or are servicing a different geographical location. In practice, their respective business operations are independent from each other. The SiS Mobile Group does not rely on the Remaining Group for its business development, staffing, logistics, administration, finance, I.T., sales and marketing or company secretarial functions. The SiS Mobile Group has its own departments specialising in these respective areas which have been in operations and are expected to continue to operate separately and independently from the Remaining Group. The SiS Mobile Group also has its own headcount of employees for its operations and management for human resources.

In addition, to ensure there is a clear delineation between the business of the Remaining Group and that of the SiS Mobile Group, the SiS Mobile Controlling Shareholder will, pursuant to the deed of non-competition, undertake to SiS Mobile that, during the period for which such deed of non-competition is in force and subject to certain exceptions as set out in the listing document to be issued for the Global Offering, the Company shall not, and shall procure that its subsidiaries (within the Remaining Group) shall not, whether directly or indirectly:

- i. carry on, engage, participate or hold any right or interest in or be involved in any mobile phone distribution business which is in competition with the Mobile Phone Distribution Business; and
- ii. take any action which interferes with or disrupts or may interfere with or disrupt the Mobile Phone Distribution Business including, but not limited to, solicitation of any of the then current customers, suppliers or employees of any members of the SiS Mobile Group.

2. *Independence of directorship and management*

The Remaining Group and the SiS Mobile Group have boards of directors that function independently of each other. The following table sets forth the details of the directorships of the Remaining Group and the SiS Mobile Group immediately upon Listing:

Director's Name	The Remaining Group	The SiS Mobile Group
LIM Kia Hong	Executive Director/chairman/ chief executive officer	Non-executive director/ chairman
LIM Kiah Meng	Executive Director/ vice-chairman	Executive director/managing director
LIM Hwee Hai	Executive Director	Non-executive director
LIM Hwee Noi	Executive Director	Nil
LEE Hiok Chuan	Independent non-executive Director	Nil

LETTER FROM THE BOARD

Director's Name	The Remaining Group	The SiS Mobile Group
ONG Wui Leng	Independent non-executive Director	Nil
MA Shiu Sun, Michael	Independent non-executive Director	Nil
WONG Yi Ting	Internal audit	Executive director/company secretary
FONG Po Kiu	Nil	Executive director/general manager
CHENG Wai Yee	Nil	Executive director
CHU Chung Yi	Nil	Independent non-executive director
DOE Julianne Pearl	Nil	Independent non-executive director
NG See Wai Rowena	Nil	Independent non-executive director

Despite the common directorship to be held by Mr. Lim Kiah Meng, Mr. Lim Kia Hong and Mr. Lim Hwee Hai, the directors of SiS Mobile believe that independence between the Remaining Group and the SiS Mobile Group will be maintained. It is submitted that Mr. Lim Kiah Meng will be able to execute his executive roles for both SiS Mobile and the Remaining Group as he will be supported by the separate finance team of each of SiS Mobile and the Remaining Group. Mr. Lim Kiah Meng, along with the other three executive directors of SiS Mobile, will devote their resources and time in the SiS Mobile Group and will continue to oversee and manage the day-to-day operations of the SiS Mobile Group. On the contrary, Mr. Lim Kiah Meng's responsibility in the Remaining Group mainly focuses on seeking investment opportunity on a project-basis and overseeing the property investment business of the Remaining Group. Mr. Lim Kia Hong and Mr. Lim Hwee Hai will take on the role of non-executive directors of SiS Mobile, and are therefore not expected to be directly involved in the day-to-day management of the business operation of SiS Mobile. In addition, although Ms. Wong Yi Ting will remain at the Remaining Group upon Listing, she will only assist with the internal audit of the Remaining Group. As such, there will not be any overlapping responsibilities in SiS Mobile and the Remaining Group.

Further, in the event that any conflict of interest arises between the Remaining Group and the SiS Mobile Group, Mr. Lim Kiah Meng, Mr. Lim Kia Hong and Mr. Lim Hwee Hai will abstain from voting at the relevant meetings of the board of directors of SiS Mobile and the meetings of the Board in respect of such matters of actual or potential conflict of interest. They

LETTER FROM THE BOARD

will also comply with the respective bye-laws/memorandum and articles of association of the Company and SiS Mobile, and any applicable laws and regulations (including but not limited to the Listing Rules).

Save as disclosed above, none of the directors or senior management of SiS Mobile holds any office in or is employed by the Company upon consummation of the Proposed Spin-off. On the basis of the current proposed composition of the board of directors of SiS Mobile, it is believed that the directors of SiS Mobile will operate and manage the Mobile Phone Distribution Business independently of the Company.

3. Financial Independence

SiS Mobile has its own accounting and finance department and an independent financial system and makes financial decisions according to its own business needs. To facilitate the working capital and ensure the financial independence of the SiS Mobile Group, as at the Latest Practicable Date, the SiS Mobile Group has general banking facilities totaling approximately HK\$355 million, which comprise of: (i) four banking facilities with several banks with an aggregate principal amount of HK\$165 million independent from and without any financial assistance or credit support from the Remaining Group, and (ii) a banking facility with a principal amount of HK\$190 million, out of which HK\$118.5 million are guaranteed by the Company. Save as disclosed herein, there is no other outstanding credit facilities or bank guarantees provided by the Remaining Group to the SiS Mobile Group. All guarantees provided by the Company are expected to be released prior to the date of the Listing.

4. Administrative independence

All the essential administrative functions including accounting, human resources and I.T. of the SiS Mobile Group and the Mobile Phone Distribution Business are managed locally at each office at different locations and are expected to continue to be administratively independent of the Company after the Spin-off. SiS Mobile confirms that all essential administration and daily operations of the SiS Mobile Group will continue to be carried out by a team of staff employed by the SiS Mobile Group independently of and without any support from the Company after the Spin-off.

LETTER FROM THE BOARD

Financial information of SiS Mobile

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

	For the year ended 31 December 2012	For the year ended 31 December 2013
	<i>HK\$'000</i>	<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 SiS Mobile Group, the net asset value of the SiS Mobile Group is HK\$88,284,000.

Financial effects of the Proposed Spin-off

Following completion of the Proposed Spin-off, SiS Mobile and its subsidiaries will continue to be subsidiaries of the Company. The operating results of the SiS Mobile Group will therefore be consolidated into the financial statements of the Company.

The following estimates the financial impact of the Proposed Spin-off on the Group on the basis of the current structure of the Proposed Spin-off that SiS Mobile will offer approximately 16% of the enlarged issued share capital of SiS Mobile pursuant to the Global Offering.

Net asset value

The audited consolidated net assets after deducting non-controlling interests of the Group was HK\$2,245,258,000 as at 31 December 2013. Based on (i) the number of the SiS Mobile Shares to be offered pursuant to the Global Offering, (ii) current proposed structure of the Global Offering, and (iii) the audited combined net assets of the SiS Mobile Group as of 30 June 2014, the estimated minimum market capitalisation of SiS Mobile will be approximately HK\$204.4 million. The consolidated net assets of the Group is expected to increase as a result of the issue of the SiS Mobile Shares at an issue price above their attributable underlying combined net asset value (the “**Increase in Net Assets**”), which is approximately HK\$2.4 million, and the consolidated cash balance of the Group will be increased by the net proceeds from the Global Offering. In accordance with the Hong Kong Financial Reporting Standards, the Increase in Net Assets which constitutes changes in a parent’s ownership interest in a subsidiary that do not result in a loss of control, is accounted for within equity. Therefore, there will be no gain or loss arising from the deemed disposal by the Company of the interest in SiS Mobile under the Global Offering to be recognised in the consolidated income statement of the Company given that SiS Mobile will remain as a subsidiary of the Company immediately upon completion of the Proposed Spin-off and the Global Offering.

LETTER FROM THE BOARD

Earnings

The effect of the Proposed Spin-off on the future earnings of the Group will depend on, among others, the return generated from the proceeds raised from the Global Offering as well as the growth of the business operations of the SiS Mobile Group.

Based on the audited consolidated financial statements of the Group for each of the two years ended 31 December 2012 and 31 December 2013, the audited consolidated profits before taxation of the Group were HK\$130,066,000 and HK\$266,234,000 respectively. For each of the two years ended 31 December 2012 and 31 December 2013, the audited total comprehensive income, after taxation and non-controlling interests of the Group, attributable to owners of the Company were HK\$159,343,000 and HK\$254,368,000 respectively.

Following completion of the Proposed Spin-off, assuming no new Shares will be issued before the Listing, the Group's earnings contributed from SiS Mobile Group are expected to be reduced as the Company's interest in SiS Mobile will be reduced to approximately 52.33% and SiS Mobile will continue to be regarded as a subsidiary of the Group. Consequently, the financial results of the SiS Mobile Group will continue to be consolidated into the accounts of the Group and the non-controlling interests of the Group are expected to increase.

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 Mobile Phone Distribution Business and the business of the Remaining Group, 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 SiS Mobile 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;

LETTER FROM THE BOARD

- 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 SiS Mobile and the Company as there will be greater clarity on the overall businesses as well as the respective financial status of each of SiS Mobile and the Company; and
- vi. the Proposed Spin-off and the Listing will deliver greater shareholder value to the Shareholders and shareholders of 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 SiS Mobile 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 acquisitions by using the SiS Mobile 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 SiS Mobile Group.

ASSURED ENTITLEMENT

Under PN15, the Company is required to give due regard to the interests of its Shareholders by providing them with an assured entitlement to the SiS Mobile Shares. Accordingly, as part of the Proposed Spin-off, the Board conditionally approved the Distribution on 22 December 2014, under which each Qualifying Shareholder will be entitled to thirty-two SiS Mobile Shares for every one hundred Shares held as at the close of business on the Distribution Record Date or equivalent cash payment (after deducting expenses) (as appropriate).

Excluded Shareholders (if any) will be entitled to the Distribution but will not receive the SiS Mobile Shares. Instead, the SiS Mobile Shares which they would otherwise receive pursuant to the Distribution will be sold by the Company on their behalf as soon as reasonably practicable after commencement of dealings in the SiS Mobile Shares on the Stock Exchange and they will receive a cash amount equal to the net proceeds of such sale. The proceeds of such sale, net of expenses, will be paid to the Excluded Shareholders in Hong Kong dollars. Such payment is expected to be made on or before 29 January 2015.

The Distribution is conditional upon the Global Offering becoming unconditional in all respects.

Fractional entitlements to the SiS Mobile Shares under the Distribution will be retained by the Company for sale in the market and the Company will keep the net proceeds of sale, after deduction of related expenses therefrom, for the benefit of the Company.

SiS Mobile expects to despatch SiS Mobile share certificates to Qualifying Shareholders who are entitled to the SiS Mobile Shares under the Distribution on 14 January 2015.

LETTER FROM THE BOARD

The Qualifying Shareholders who hold the Shares through CCASS Clearing Participants or CCASS Custodian Participants will receive SiS Mobile Shares through their respective brokers or custodians who are CCASS Clearing Participants or CCASS Custodian Participants.

CLOSE OF REGISTER OF MEMBERS AND DESPATCH OF SHARE CERTIFICATES

For the purpose of determining the entitlement of the Qualifying Shareholders to the Distribution, the register of members of the Company will be closed from 9 January to 12 January 2015 (both days inclusive), during which no transfer of shares will be effected. In order to qualify for entitlement to the Distribution, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration by no later than 4:00 p.m. on Thursday, 8 January 2015.

The share certificates of the SiS Mobile Shares are expected to be despatched to the Qualifying Shareholders on Wednesday, 14 January 2015 after the Stock Exchange grants its approval for the listing of SiS Mobile Shares on the Stock Exchange, which is expected to be on or before Wednesday, 14 January 2015. One share certificate of the SiS Mobile Shares will be issued to each Qualifying Shareholder for the entitlement of the SiS Mobile Shares. In the event that the listing approval is not obtained on Wednesday, 14 January 2015, the share certificates of the SiS Mobile Shares may not be despatched on Wednesday, 14 January 2015 and dealings in the SiS Mobile Shares on the Stock Exchange may not commence on Thursday, 15 January 2015. In such event, and before 9:00 a.m. on Thursday, 15 January 2015, the Company will make an announcement of the above and of a revised timetable.

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 25% or more, the Proposed Spin-off will constitute a major transaction of 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 as and when necessary.

Since no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Proposed Spin-off, written Shareholders' approval has been obtained in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. Gold Sceptre Limited as the controlling shareholder of the Company, holding 140,360,000 Shares (being approximately 50.66% of the issued share capital of the Company as at the Latest Practicable Date), has given its written approval in respect of the Proposed Spin-off. Accordingly, no special general meeting of the Company will be convened for the purposes of approving the Proposed Spin-off.

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.

LETTER FROM THE BOARD

The Listing and the final structure of the Proposed Spin-off are subject to, among other things, the approval of the Stock Exchange, 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.

RECOMMENDATIONS

The Directors (excluding the independent non-executive Directors) are of the view that the terms of the Proposed Spin-off are fair and reasonable so far as the Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. An Independent Board Committee has been formed to advise the Shareholders in connection with the Proposed Spin-off. Proton Capital has been appointed as an independent financial adviser to advise the Independent Board Committee and the Shareholders on the same. Proton Capital considers that the Proposed Spin-off is in the interest of the Company and the Shareholders as a whole and the terms thereof are fair and reasonable as far as the Company and the Shareholders are concerned. Accordingly, Proton Capital advises the Independent Board Committee to recommend, and Proton Capital itself recommends, that the Shareholders vote in favour of the relevant resolution if there were a special general meeting of the Company held to consider and if thought fit, to approve the Proposed Spin-off. The letter from Proton Capital containing its advice in relation to the Proposed Spin-off, together with the factors and reasons it has considered in arriving at its opinion, is set out on pages 19 to 32 of this circular.

The Independent Board Committee, having taken into account the advice of Proton Capital, considers that the terms of the Proposed Spin-off are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends that the Shareholders vote in favour of the relevant resolution if there were a special general meeting of the Company held to consider and if thought fit, to approve the Proposed Spin-off.

ADDITIONAL INFORMATION

This circular is being distributed to the Shareholders. This circular does not constitute an offer or invitation to subscribe for or purchase any securities nor is it calculated to invite any such offer or invitation. Neither this circular nor anything contained therein shall form the basis of any contract or commitment whatsoever.

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

Yours faithfully,
For and on behalf of the Board of
SiS International Holdings Limited
Lim Kia Hong
Chairman



SiS INTERNATIONAL HOLDINGS LIMITED

新龍國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00529)

24 December 2014

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION AND DEEMED DISPOSAL IN RELATION TO
THE PROPOSED SPIN-OFF AND SEPARATE LISTING OF
SiS MOBILE HOLDINGS LIMITED
ON THE MAIN BOARD OF
THE STOCK EXCHANGE OF HONG KONG LIMITED**

We refer to the circular issued by the Company to its Shareholders dated 24 December 2014 (“**Circular**”) of which this letter forms part. Capitalised terms defined in the Circular have the same meanings when used in this letter unless the context otherwise requires.

Under the Listing Rules, the Proposed Spin-off constitutes a major transaction and a deemed disposal of subsidiary by the Company under Rule 14.29 and pursuant to PN15, is subject to the approval of the Shareholders.

We have been appointed by the Board to consider the terms of the Proposed Spin-off and to advise the Shareholders as to whether, in our opinion, the terms of the Proposed Spin-off are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Proton Capital has been appointed as the independent financial adviser to advise us and the Shareholders in this respect.

We wish to draw your attention to the letter from the Board and the letter from Proton Capital as set out in the Circular. Having considered the principal factors and reasons considered by, and the advice of, Proton Capital as set out in its letter of advice, we consider that the terms of the Proposed Spin-off are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

Yours faithfully,

Independent Board Committee

Mr. Lee Hiok Chuan, Ms. Ong Wui Leng, Mr. Ma Shiu Sun, Michael

Independent Non-executive Directors

* *For identification purposes only*

LETTER FROM PROTON CAPITAL

The following is the full text of a letter of advice from Proton Capital Limited to the Independent Board Committee and the Shareholders, which has been prepared for the purpose of inclusion in the Circular.



普頓資本有限公司
PROTON CAPITAL LIMITED

Unit 1001, 10th Floor, Chuang's Tower,
30-32 Connaught Road Central, Hong Kong

24 December 2014

*To: The Independent Board Committee and the Shareholders of
SiS International Holdings Limited*

Dear Sirs,

MAJOR TRANSACTION AND DEEMED DISPOSAL IN RELATION TO THE PROPOSED SPIN-OFF AND SEPARATE LISTING OF SiS MOBILE HOLDINGS LIMITED ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Shareholders in respect of the Proposed Spin-off, the details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 24 December 2014 issued by the Company to the Shareholders (the “**Circular**”), 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 requires otherwise.

On 16 October 2014, the Company announced the Proposed Spin-off and separate listing of SiS Mobile on the Main Board of the Stock Exchange. The Proposed Spin-off is expected to be effected by way of the Global Offering involving the issue and offer of the SiS Mobile Shares for subscription in Hong Kong and for placing to professional, institutional and other investors. The Proposed Spin-off would, if it proceeds, constitute 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 25% or more, the Proposed Spin-off will constitute a major transaction of 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 as and when necessary. Since no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Proposed Spin-off, written Shareholders’ approval has been obtained in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. Gold Sceptre Limited as the controlling shareholder of the Company, holding 140,360,000 Shares (being approximately 50.66% of the issued share capital

LETTER FROM PROTON CAPITAL

of the Company as at the Latest Practicable Date), has given its written approval in respect of the Proposed Spin-off. Accordingly, no general meeting of the Company will be convened for the purposes of approving the Proposed Spin-off.

By way of information, apart from the Proposed Spin-off, the Company has on 5 November 2014 announced the proposed spin-off of Information Technology Consultants Limited (“ITCL”), which is owned as to 43.60% by indirectly wholly-owned subsidiaries of the Company on the stock exchanges in Bangladesh (the “ITCL Spin-off”). All of the applicable percentage ratios in respect of the ITCL Spin-off are expected to be below 5%. Details of the ITCL Spin-off were set out in the circular of the Company dated 20 November 2014.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Lee Hiok Chuan, Ms. Ong Wui Leng and Mr. Ma Shiu Sun, Michael has been formed to consider the Proposed Spin-off and the transactions contemplated thereunder and to advise the Shareholders as to whether the terms of the Proposed Spin-off are fair and reasonable and in the interests of the Company and its Shareholders as a whole. We, Proton Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Shareholders in this regard.

Proton Capital is not connected with the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or associates and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group and therefore is considered suitable to give independent advice to the Independent Board Committee and the Shareholders. Proton Capital had not acted as independent financial adviser to the Company’s other transactions during the last two years.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the 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. We have assumed that all information and representations that have been provided by the Directors, 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 and/or the Directors, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

LETTER FROM PROTON CAPITAL

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, 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 herein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

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, SiS Mobile or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Proposed Spin-off and the Distribution. 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. 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 and/or SiS Mobile. Where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of Proton Capital Limited is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Business of the Group and the SiS Mobile Group

(a) Business of the Group

The Company was listed on the Main Board of the Stock Exchange in 1992. The Group is principally engaged in (i) distribution of mobile phone and I.T. related products, (ii) investment in promising business and/or I.T. companies, and (iii) investment in real estate properties consisting of hotel, commercial, industrial and residential properties.

LETTER FROM PROTON CAPITAL

(b) Business of the SiS Mobile Group

As at the Latest Practicable Date, SiS Mobile was owned as to 100% directly by the Company and the SiS Mobile Group was comprised of the following companies:

Company's name	Principal business activity
SiS Mobile Holdings Limited	Investment holding
Qool International Limited ("Qool")	Distribution of mobile phones and related products
Sun Well Limited ("Sun Well")	Retail sale of mobile phones and related products
Synergy Technologies (Asia) Limited ("Synergy")	Distribution of mobile phones and related products
W-Data Technologies Limited ("W-Data")	Liaison office of the SiS Mobile Group

The SiS Mobile Group is principally engaged in the Mobile Phone Distribution Business involving distribution of mobile phone products in Hong Kong.

Set out below is certain selected financial information of the SiS Mobile Group based on its audited consolidated financial statements for the two years ended 31 December 2012 and 31 December 2013 as extracted from the Board Letter:

	For the year ended 31 December 2012 HK\$'000	For the year ended 31 December 2013 HK\$'000
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 SiS Mobile Group, the net asset value of the SiS Mobile Group was HK\$88,284,000.

2. Background of and reasons for the Proposed Spin-off

(a) Background of the Proposed Spin-off

We have enquired with and understand from the Company that there is a clear business delineation between the respective products and/or services supplied by the SiS Mobile Group and the Remaining Group as they are either of a different nature or are servicing a different geographical location. In practice, their respective business operations are independent from each other. The SiS Mobile Group does not rely on the Remaining Group for its business development, staffing, logistics, administration, finance, I.T., sales and marketing or company secretarial functions. The SiS Mobile Group has its own departments specialising in these respective areas which have been in operations and are expected to continue to operate separately and independently from the Remaining Group. The SiS Mobile Group also has its own headcount of employees for its operations and management for human resources.

In light of the above, we concur with the view of the Board that the Proposed Spin-off and the Listing will provide a clear delineation of business between the Remaining Group and the SiS Mobile Group and would enable investors to better understand the Company and SiS Mobile as separate entities rather than as a conglomerate.

(b) 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 Mobile Phone Distribution Business and the business of the Remaining Group, 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 SiS Mobile Group's profile amongst its customers, suppliers and other business partners, as well as its ability to recruit good talents available;

LETTER FROM PROTON CAPITAL

- (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 SiS Mobile and the Company as there will be greater clarity on the overall businesses as well as the respective financial status of each of SiS Mobile and the Company; and
- (vi) the Proposed Spin-off and the Listing will deliver greater shareholder value to the Shareholders and shareholders of 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 SiS Mobile 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 acquisitions by using the SiS Mobile 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 SiS Mobile Group.

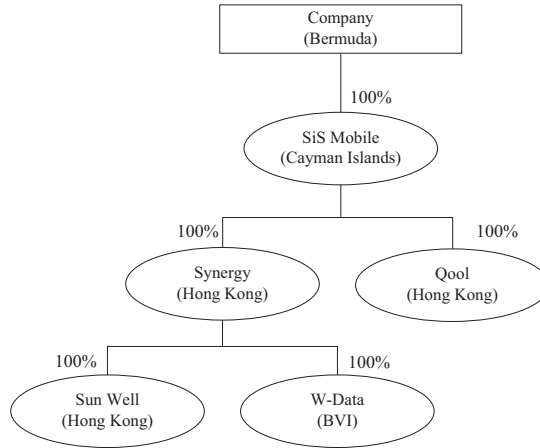
Based on the aforesaid reasons and expected benefits of the Proposed Spin-off, we concur with the view of the Board that the Proposed Spin-off is in the interests of the Company and the Shareholders as a whole.

3. The Proposed Spin-off

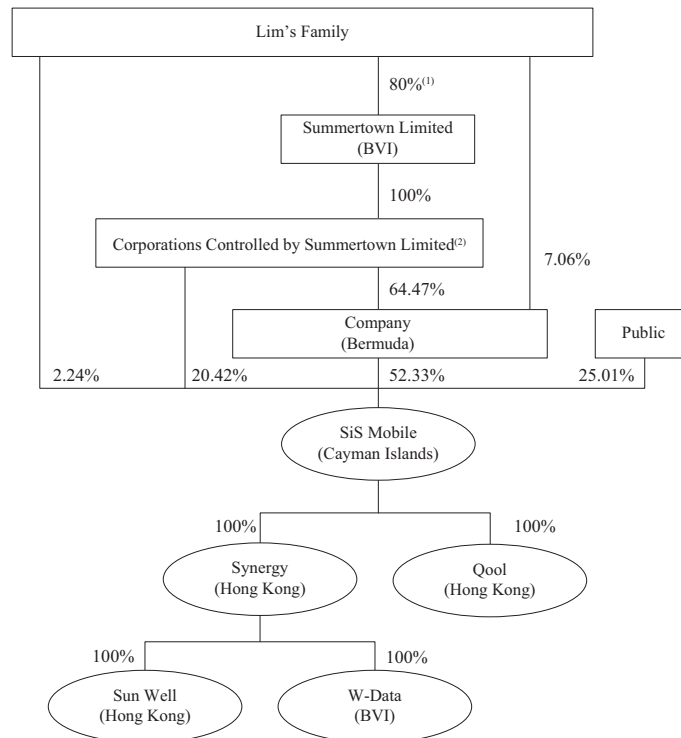
The Company intends to effect the Proposed Spin-off by way of Global Offering together with the Distribution whereby the SiS Mobile Shares will be separately listed on the Main Board of the Stock Exchange. It is expected that immediately after the Proposed Spin-off, SiS Mobile will have a public float of not less than 25% of its enlarged issued share capital. The new SiS Mobile Shares to be issued pursuant to the Global Offering will rank pari passu in all respects with all other SiS Mobile Shares then in issue.

LETTER FROM PROTON CAPITAL

The following chart sets out the corporate and shareholding structure of the SiS Mobile Group as at the Latest Practicable Date:



Upon the completion of the Proposed Spin-off and the Listing, the Company's equity interest in SiS Mobile will be reduced to approximately 52.33%. The shareholding structure of the SiS Mobile Group after completion of the Proposed Spin-off is set out below:



Notes:

- (1) The 80% interest in Summertown Limited are held only by Mr. Lim Kiah Meng and Mr. Lim Kia Hong (including their respective spouses), excluding Mr. Lim Hwee Hai and Madam Lim Hwee Noi.
- (2) The corporations controlled by Summertown Limited are Gold Sceptre Limited, Kelderman Limited, Valley Tiger Limited and Swan River Limited.

LETTER FROM PROTON CAPITAL

According to the Board Letter, SiS Mobile currently intends to apply the net proceeds from the Global Offering in the following manner:

- (a) approximately 11.0% to upgrade the information system of the SiS Mobile Group to further improve its operational management capability;
- (b) approximately 79.7% for acquisition of property for the office and warehouse of the SiS Mobile Group; and
- (c) approximately 9.3% for working capital and other general corporate purposes.

4. Effects of the Proposed Spin-off on the Group

As stated in the Board Letter, the market capitalization of the SiS Mobile Group, following completion of the Proposed Spin-off and the Listing, will be not less than HK\$204.4 million. The analysis of the financial effects of the Proposed Spin-off and the Listing as illustrated below is based on the current structure of the Proposed Spin-Off and the Listing that SiS Mobile will offer approximately 16% of the enlarged issued share capital of SiS Mobile pursuant to the Global Offering (i.e. assuming the option expected to be granted by SiS Mobile pursuant to which SiS Mobile may be required to allot and issue additional SiS Mobile Shares under the Global Offering (the “**Offer Size Adjustment Option**”) is not exercised).

(a) *Effect on net asset value*

The audited consolidated net assets after deducting non-controlling interests of the Group was HK\$2,245,258,000 as at 31 December 2013. Based on (i) the number of the SiS Mobile Shares to be offered pursuant to the Global Offering, (ii) current proposed structure of the Global Offering, and (iii) the audited combined net assets of the SiS Mobile Group as of 30 June 2014, the estimated minimum market capitalisation of SiS Mobile will be approximately HK\$204.4 million. The Board expects that the consolidated net assets of the Group will be increased as a result of the issue of the SiS Mobile Shares at an issue price above their attributable underlying combined net asset value (the “**Increase in Net Assets**”), which is approximately HK\$2.4 million, and the consolidated cash balance of the Group will be increased by the net proceeds from the Global Offering. In accordance with the Hong Kong Financial Reporting Standards, the Increase in Net Assets which constitutes changes in a parent’s ownership interest in a subsidiary that do not result in a loss of control, is accounted for within equity. Therefore, there will be no gain or loss arising from the deemed disposal by the Company of the interest in SiS Mobile under the Global Offering to be recognised in the consolidated income statement of the Company given that SiS Mobile will remain as a subsidiary of the Company immediately upon completion of the Proposed Spin-off and the Global Offering.

(b) *Earnings*

As advised by the Directors, the effect of the Proposed Spin-off on the future earnings of the Group will depend on, among others, the return generated from the proceeds raised from the Global Offering as well as the growth of the business operations of the SiS Mobile Group.

LETTER FROM PROTON CAPITAL

Based on the audited consolidated financial statements of the Group for each of the two years ended 31 December 2012 and 31 December 2013, the audited consolidated profits before taxation of the Group were HK\$130,066,000 and HK\$266,234,000 respectively. For each of the two years ended 31 December 2012 and 31 December 2013, the audited total comprehensive income, after taxation and non-controlling interests of the Group, attributable to owners of the Company were HK\$159,343,000 and HK\$254,368,000 respectively.

Following completion of the Proposed Spin-off, the Group's earnings contributed from the SiS Mobile Group are expected to be reduced as the Company's interest in SiS Mobile will be reduced to approximately 52.33%. SiS Mobile and its subsidiaries will continue to be regarded as a subsidiary of the Group. Consequently, the financial results of the SiS Mobile Group will continue to be consolidated into the accounts of the Group and the non-controlling interests of the Group are expected to increase.

(c) Effect on liquidity

According to the interim report of the Company for the six months ended 30 June 2014, the bank balances and cash of the Group (excluding pledged deposits) amounted to approximately HK\$364.5 million as at 30 June 2014. Cash proceeds will be raised by the SiS Mobile Group from the Global Offering. As the SiS Mobile Group will remain as subsidiaries of the Group, it is expected that the Proposed Spin-off will have a positive impact on the liquidity of the Group.

(d) Remaining businesses of the Group

As disclosed in the Board Letter, after the Proposed Spin-off, the Remaining Group will focus on investment in promising businesses and/or I.T. companies, investments in real estate properties consisting of hotel, commercial, industrial and residential properties and provides distribution of I.T. and related products (such as printers and other computer hardware and software products, which are significantly different from mobile phone products) generally in Asia. For the year ended 31 December 2013, the Group and the SiS Mobile Group recorded a net profit after tax and non-controlling interest of approximately HK\$254.4 million and HK\$44.7 million respectively. On this basis, the net profits of the Remaining Group for the year ended 31 December 2013 represented approximately 82.4% of the net profit of the Group.

As at 30 June 2014, the Group had unaudited net assets of approximately HK\$2,355.2 million whereas and the SiS Mobile Group had audited net assets of approximately HK\$88.3 million. On this basis, the net assets of the Remaining Group as at 30 June 2014 represent approximately 96.3% of the net assets of the Group.

On the basis set out above, we consider that the Remaining Group will continue to have a substantial business and assets after completion of the Proposed Spin-off.

LETTER FROM PROTON CAPITAL

(e) Dilution of interest in the SiS Mobile Group

Based on the current expected structure of the Global Offering, the Group's interest in the SiS Mobile Group will be diluted from 100.0% to 52.33% (assuming the Offer Size Adjustment Option is not exercised). The Proposed Spin-off constitutes a major disposal for the Company under the Listing Rules.

In our opinion, such dilution is acceptable to the Shareholders taking into consideration the benefits to be derived from the Proposed Spin-off as discussed in the sections headed "Reasons for and benefits of the Proposed Spin-off" and "Effects of the Proposed Spin-off on the Group" above.

In addition, Qualifying Shareholders will be granted SiS Mobile Shares pursuant to the Distribution. The Board expects that approximately 31.67% of the SiS Mobile Shares of SiS Mobile will be distributed to the Qualifying Shareholders pursuant to the Distribution while the Excluded Shareholders will receive cash payment pursuant to the Distribution. Details of the Distribution and the Assured Entitlement are set out in paragraph below headed "**Assured Entitlement**".

Based on the factors and the possible financial effects as discussed above, we consider that the Proposed Spin-off will have positive impacts on the Company whereas the Shareholders will be benefited from the Distribution.

It should be noted that the aforementioned are for illustrative purpose only and do not purport to represent how the financial position of the Company will be upon completion of the Proposed Spin-off and the Global Offering.

ASSURED ENTITLEMENT

Under PN15, the Company is required to give due regard to the interests of its Shareholders by providing them with an assured entitlement to the SiS Mobile Shares. Accordingly, as part of the Proposed Spin-off, the Board conditionally approved the Distribution on 22 December 2014, under which each Qualifying Shareholder will be entitled to approximately thirty-two SiS Mobile Shares or equivalent cash payment (after deducting expenses) (as appropriate) for every one hundred Shares held as at the close of business on the Distribution Record Date.

Excluded Shareholders (if any) will be entitled to the Distribution but will not receive the SiS Mobile Shares. Instead, the SiS Mobile Shares which they would otherwise receive pursuant to the Distribution will be sold by the Company on their behalf as soon as reasonably practicable after commencement of dealings in the SiS Mobile Shares on the Stock Exchange and they will receive a cash amount equal to the net proceeds of such sale. The proceeds of such sale, net of expenses, will be paid to the Excluded Shareholders in Hong Kong dollars. Such payment is expected to be made on or before 29 January 2015.

The Distribution is conditional upon the Global Offering becoming unconditional in all respects.

LETTER FROM PROTON CAPITAL

Shareholders should refer to the section headed “**Assured Entitlement**” in the Board Letter for further details of the Distribution.

Regarding the ratio of the distribution in specie of approximately thirty-two SiS Mobile Shares for every one hundred Shares pursuant to the Distribution (the “**Distribution Ratio**”), we have enquired with and understand from the Company that while the Company intends to maintain 52.33% shareholding interest in SiS Mobile upon completion of the Proposed Spin-Off and the Listing, the Distribution Ratio is determined with reference to, among other things, the minimum market capitalization of SiS Mobile, the minimum funds to be raised from the Global Offering as well as the need for SiS Mobile to maintain a minimum public float of not less than 25%.

Based on our discussion with the Company and after taking into account that (a) the Distribution Ratio will allow (i) the Company to maintain 52.33% shareholding interest in SiS Mobile upon completion of the Proposed Spin-Off and the Listing; (ii) SiS Mobile to meet the minimum market capitalization upon the Listing as required by the Listing Rules; and (iii) SiS Mobile will have a public float of approximately 25.01% (after taking into account of the new SiS Mobile to be issued under the Global Offering but before the Offer Size Adjustment Option) thus meeting the minimum public float requirement of the Listing Rules; (b) upon completion of the Proposed Spin-Off and the Listing but before the Offer Size Adjustment Option, approximately 31.67% of the enlarged SiS Mobile Shares will be owned by the Qualifying Shareholders (based on 52.33% shareholding interest in SiS Mobile to be retained by the Company and approximately 16% of the enlarged issued share capital of SiS Mobile Shares will be subject to the Global Offering), we consider that the Distribution Ratio is fair and reasonable.

5. Corporate governance

It is proposed that a number of corporate governance related measures are put in place to reinforce the delineation between the businesses of the Remaining Group and the SiS Mobile Group:

(a) Non-Compete Undertaking

The SiS Mobile Controlling Shareholder will, pursuant to the deed of non-competition (the “**Non-Compete Undertaking**”), undertake to SiS Mobile that, during the period for which such deed of non-competition is in force and subject to certain exceptions as set out in the listing document to be issued for the Global Offering, the Company shall not, and shall procure that its subsidiaries (within the Remaining Group) shall not, whether directly or indirectly:

- (i) carry on, engage, participate or hold any right or interest in or be involved in any mobile phone distribution business which is in competition with the Mobile Phone Distribution Business; and

LETTER FROM PROTON CAPITAL

- (ii) take any action which interferes with or disrupts or may interfere with or disrupt the Mobile Phone Distribution Business including, but not limited to, solicitation of any of the then current customers, suppliers or employees of any members of the SiS Mobile Group.

We consider the Non-Compete Undertaking to be reasonable, given the goal is to minimize any potential competition between the SiS Mobile Group and the Remaining Group in the Mobile Phone Distribution Business.

(b) Independence of the SiS Mobile Group from the Group

The Board Letter disclosed that the SiS Mobile Group does not rely on the Remaining Group for its business development, staffing, logistics, administration, finance, I.T., sales and marketing or company secretarial functions. The SiS Mobile Group has its own departments specialising in these respective areas which have been in operations and are expected to continue to operate separately and independently from the Remaining Group. The SiS Mobile Group also has its own headcount of employees for its operations and management of human resources.

(c) Independence of directorship and management

In relation to directors and management, Mr. Lim Kiah Meng, Mr. Lim Kia Hong and Mr. Lim Hwee Hai will hold directorship in both of the Company and SiS Mobile. Nevertheless, the directors of SiS Mobile believe that independence between the Remaining Group and the SiS Mobile Group will be maintained. Mr. Lim Kiah Meng will be able to execute his executive roles for both SiS Mobile and the Remaining Group as he will be supported by the separate finance team of each of SiS Mobile and the Remaining Group. Mr. Lim Kiah Meng, along with the other three executive directors of SiS Mobile, will devote their resources and time in the SiS Mobile Group and will continue to oversee and manage the day-to-day operations of the SiS Mobile Group. On the contrary, Mr. Lim Kiah Meng's responsibility in the Remaining Group mainly focuses on seeking investment opportunity on a project-basis and overseeing the property investment business of the Remaining Group. Mr. Lim Kia Hong and Mr. Lim Hwee Hai will take on the role of non-executive directors of SiS Mobile, and are therefore not expected to be directly involved in the day-to-day management of the business operation of SiS Mobile. In addition, although Ms. Wong Yi Ting will remain at the Remaining Group upon Listing, she will only assist with the internal audit of the Remaining Group. As such, there will not be any overlapping responsibilities in SiS Mobile and the Remaining Group.

Further, in the event that any conflict of interest arises between the Remaining Group and the SiS Mobile Group, Mr. Lim Kiah Meng, Mr. Lim Kia Hong and Mr. Lim Hwee Hai will abstain from voting at the relevant meetings of the board of directors of SiS Mobile and the meetings of the Board in respect of such matters of actual or potential conflict of interest. They will also comply with the respective bye-laws/articles of association of the Company and SiS Mobile, and any applicable laws and regulations (including but not limited to the Listing Rules).

LETTER FROM PROTON CAPITAL

Save as disclosed above, none of the directors or senior management of SiS Mobile holds any office in or is employed by the Company upon consummation of the Proposed Spin-off.

(d) Financial Independence

As disclosed in the Board Letter, SiS Mobile has its own accounting and finance department and an independent financial system and makes financial decisions according to its own business needs. To facilitate the working capital and ensure the financial independence of the SiS Mobile Group, as at the Latest Practicable Date, the SiS Mobile Group has general banking facilities totaling approximately HK\$355 million, which comprise of: (i) four banking facilities with several banks with an aggregate principal amount of HK\$165 million independent from and without any financial assistance or credit support from the Remaining Group; (ii) a banking facility with a principal amount of HK\$190 million, out of which HK\$118.5 million are guaranteed by the Company. Save as disclosed herein, there is no other outstanding credit facilities or bank guarantees provided by the Remaining Group to the SiS Mobile Group. All guarantees provided by the Company are expected to be released prior to the date of the Listing.

(e) Administrative independence

As further disclosed in the Board Letter, all the essential administrative functions including accounting, human resources and I.T. of the SiS Mobile Group and the Mobile Phone Distribution Business are managed locally at each office at different locations and are expected to continue to be administratively independent of the Company after the Proposed Spin-off. SiS Mobile confirms that all essential administration and daily operations of the SiS Mobile Group will continue to be carried out by a team of staff employed by the SiS Mobile Group independently of and without any support from the Company after the Proposed Spin-off.

(f) Continuing connected transactions

As advised by the Company, upon Listing, save for a few license agreements relate to the grant of rights to use trademarks by the Group to the SiS Mobile Group, which will constitute continuing connected transactions exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Rule 14A.76(1)(c) of the Listing Rules, there will not be any non-exempt continuing connected transactions (as defined in the Listing Rules) upon Listing which are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM PROTON CAPITAL

7. Conditions of the Proposed Spin-off

The Proposed Spin-off will be conditional upon, among other things:

- (i) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the SiS Mobile Shares in issue and any SiS Mobile Shares which may be issued on the Main Board of the Stock Exchange; and
- (ii) the obligations of the underwriters under the underwriting agreements to be entered into between, among others, the Company, SiS Mobile and the underwriters in respect of the Global Offering becoming and remaining unconditional and not having been terminated in accordance with their respective terms, on or before the dates and times to be specified therein and in any event not later than the date which is 30 days after the date of the listing document to be issued for the Global Offering.

Shareholders and public investors should note 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.

OPINION

Having taken into account the principal factors and reasons as set out above and in particular, since the SiS Mobile Group will remain as subsidiaries of the Group after the Proposed Spin-off and the Listing whereas the Qualifying Shareholders will be granted SiS Mobile Shares under the Distribution, both the Company and the Qualifying Shareholders will continue to share any growth in the business of the SiS Mobile Group in future after the Listing, we are of the view that the terms of the Proposed Spin-off are fair and reasonable so far as the Company and the Shareholders are concerned, and that the Proposed Spin-off is in the interests of the Company and the Shareholders as a whole. As detailed in the Board Letter, Gold Sceptre Limited holding approximately 50.66% of the issued share capital of the Company as at the Latest Practicable Date, have granted its written approval to the Company for the Proposed Spin-off and no Shareholders' meeting will be convened to consider the Proposed Spin-off. If such Shareholders' meeting were to be held, we would advise the Independent Board Committee to recommend, and we also recommend the Shareholders, to vote in favour of the relevant ordinary resolution proposed in relation to the Proposed Spin-off.

Yours faithfully,
For and on behalf of
Proton Capital Limited
Josephine Lau
Director — Corporate Finance

Note: Ms. Josephine Lau has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2012 and 2007, respectively. Ms. Lau has more than 13 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions of listed companies in Hong Kong.

1. FINANCIAL SUMMARY

The published audited consolidated financial statements of the Group (i) for the year ended 31 December 2011 are disclosed on pages 27 to 97 of the 2011 annual report of the Company released on 27 April 2012; (ii) for the year ended 31 December 2012 are disclosed on pages 27 to 93 of the 2012 annual report of the Company released on 18 April 2013; and (iii) for the year ended 31 December 2013 are disclosed on pages 29 to 99 of the 2013 annual report of the Company released on 29 April 2014. The published unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2014 is disclosed on pages 4 to 19 of the 2014 interim report of the Company released on 30 September 2014. All these financial statements have been published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.sisinternational.com.hk.

2. WORKING CAPITAL

After taking into account the present internal financial resources, net proceeds from the listing of SiS Mobile Holdings Limited, as well as the available banking facilities, and in the absence of unforeseen circumstances, the Directors, after due and careful enquiry, are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular.

3. INDEBTEDNESS

At the close of business on 31 October 2014, being the latest practicable date prior to the printing of this circular and for the purpose of this indebtedness statement, the Group had outstanding secured bank borrowings of approximately HK\$808,209,000 which were secured by investment properties, bank deposits and preference shares of a subsidiary, a secured bank overdraft of approximately HK\$35,570,000 which was secured by bank deposits and secured bonds of approximately HK\$119,354,000 which were secured by investment properties. Except for a secured bank borrowing of approximately HK\$8,465,000 and the secured bank overdraft which are guaranteed, all other balances are not covered by a guarantee as at 31 October 2014.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not, at the close of business on 31 October 2014, have any outstanding loan capital issued, outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptances credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

The Directors confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since 31 October 2014.

4. FINANCIAL AND TRADING PROSPECTS

The Group is principally engaged in (i) distribution of mobile phone and I.T. related products, (ii) investment in promising business and/or I.T. companies, and (iii) investment in real estate properties consisting of hotel, commercial, industrial and residential properties.

With the Group's experience in both mobile phone and I.T. products distribution, the Group is well positioned to explore opportunities in the mobile phone and I.T. products distribution industry. The Group aims to emerge as the leader in these distribution industries as it continues to move cautiously ahead to expand the distribution business.

Investment in promising business includes the investment in our associated company, SiS Distribution (Thailand) Public Company Limited ("**SiS THAI**"), which is currently a listed company in Thailand and continues to contribute to the Group. Regarding the investment in Information Technology Consultants Limited ("**ITCL**"), a subsidiary of the Group in Bangladesh which is a provider of electronic payment services to major banks, financial institutions, government organizations and retailers in Bangladesh, the business of ITCL will continue to be stable. It is proposed that ITCL will be spun-off by way of a separate listing of the ITCL shares on the stock exchanges in Bangladesh.

The Group invests in income-generating properties with long term potential for capital appreciation. With the additional acquisition of trust beneficial interests in hotel properties in Japan during the year, revenue and segment profit generated from the Group's real estate investment portfolio would increase.

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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document 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

As at the Latest Practicable Date, the interests and short positions of the Director or chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

i. Long positions in ordinary Shares of HK\$0.10 each of the Company

Name of Director	Personal interests	Family interests	Joint interests (Note 1)	Corporate interests (Note 2)	Total number of issued ordinary Shares held	Percentage of the issued share capital of the Company
Lim Kia Hong (Note 4)	5,771,108	608,000	—	178,640,000	185,019,108	66.77%
Lim Kiah Meng (Note 4)	5,403,200	650,000	534,000	178,640,000	185,227,200	66.85%
Lim Hwee Hai (Note 3)	3,331,200	3,579,158	—	—	6,910,358	2.49%
Lim Hwee Noi (Note 3, 4)	3,579,158	3,331,200	—	—	6,910,358	2.49%
Lee Hiok Chuan	83,333	—	—	—	83,333	0.03%
Ong Wui Leng	138,888	—	—	—	138,888	0.05%

Notes:

- (1) 534,000 Shares are jointly held by Mr. Lim Kiah Meng and his spouse.
- (2) Gold Sceptre Limited holds 140,360,000 Shares and Kelderman Limited, Valley Tiger Limited and Swan River Limited each holds 12,760,000 Shares in the issued share capital of the Company. Mr. Lim Kiah Meng and his spouse and Mr. Lim Kia Hong and his spouse together own 40.5% and 39.5%, respectively of the issued share capital of Summertown Limited which owns the entire issued share capital of each of the above-mentioned companies.
- (3) 3,331,200 Shares and 3,579,158 Shares are beneficially owned by Mr. Lim Hwee Hai and Madam Lim Hwee Noi respectively. Mr. Lim and Madam Lim are spouse, and so they have deemed interest in their spouse's Shares under the SFO.

- (4) In addition to the interests disclosed above, Mr. Lim Kiah Meng and Madam Lim Hwee Noi are trustees of an estate and are holding 608,000 Shares on behalf of six beneficiaries. Out of these 608,000 Shares, 400,000 Shares and 208,000 Shares are beneficially owned by the children of Mr. Lim Kiah Meng and Mr. Lim Kia Hong respectively, and are included in the family interest of Mr. Lim Kiah Meng and Mr. Lim Kia Hong as disclosed above.

ii. Share options

The Directors and their associates had interest in share options under the Company's share option scheme, detail of which are set out as follows:

Date of grant	Vesting period	Exercisable period	Exercise price HK\$	Number of share options outstanding at the Latest Practicable Date
Lee Hiok Chuan				
20 August 2007	21 August 2007– 18 February 2009	18 February 2009– 20 May 2017	1.72	83,333
20 August 2007	21 August 2007– 18 February 2010	18 February 2010– 20 May 2017	1.72	83,334
Ong Wui Leng				
20 August 2007	21 August 2007– 18 February 2009	18 February 2009– 20 May 2017	1.72	27,778
20 August 2007	21 August 2007– 18 February 2010	18 February 2010– 20 May 2017	1.72	83,334
				277,779

iii. Long positions in the shares and underlying shares of associated corporations of the Company

Ordinary share of Baht 1 each of SiS THAI, which is listed on the Stock Exchange of Thailand.

Name of Director	Personal interests	Corporate interests (Note)	Total number of issued ordinary shares held in SiS THAI	Approximate % of issued share capital of SiS THAI
Lim Kia Hong	241,875	165,616,595	165,858,470	47.36%
Lim Hwee Hai	244,687	—	244,687	0.07%

Note: The Company indirectly holds 165,616,595 ordinary shares of the issued capital of SiS THAI. As disclosed in (i) above, Mr. Lim Kia Hong and his family have a total interest of 66.77% in the Company, and therefore Mr. Lim Kia Hong has deemed corporate interest in SiS THAI under the SFO.

iv. Long positions in the shares and underlying shares of a subsidiary of the Company

Ordinary share of Taka 10 each of ITCL, a public limited company incorporated in Bangladesh.

Name of Director	Corporate interests (Note)	Approximate % of issued share capital of ITCL
Lim Kiah Meng	40,059,390	53.4%

Note: A related corporation which is jointly owned by Mr. Lim Kiah Meng and his spouse holds 7,350,000 ordinary shares in ITCL, while the Company indirectly holds 32,709,390 ordinary shares. As disclosed in (i) above, Mr. Lim Kiah Meng and his family have a total interest of 66.85% in the Company, and therefore Mr. Lim Kiah Meng has deemed corporate interest in ITCL under the SFO.

Save as disclosed above, none of the Directors nor their associates, as at the Latest Practicable Date, had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules adopted by the Company.

3. INFORMATION ABOUT THE COMPANY'S MANAGEMENT

As at the Latest Practicable Date, Mr. Lim Kiah Meng, Mr. Lim Kia Hong, Mr. Lim Hwee Hai and Madam Lim Hwee Noi are directors of Gold Sceptre Limited and Summertown Limited, which have 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.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, no Directors had any existing or proposed service contracts with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation other than statutory compensation.

5. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their respective associates was interested in any business which competes or was likely to compete, whether directly or indirectly, with the business of the Group.

6. DIRECTORS' INTEREST IN ASSETS AND/OR ARRANGEMENT

As at the Latest Practicable Date, save as a tenancy agreement entered into between a subsidiary of the Company and Ever Rich Technology Limited, a connected person (as defined in the Listing Rules), for leasing of office for the period from 1 January 2014 to 31 December 2015 for a monthly rental of HK\$66,000, none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any members of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2013, being the date to which the latest published audited consolidated financial statements of the Company were made up.

As at the Latest Practicable Date, there is no contract or arrangement subsisting in which a Director was materially interested and which was significant in relation to the business of the Group as a whole.

7. MATERIAL CONTRACTS

The following contracts, not being contracts in the ordinary course of business, were entered into by the members of the Group within two years preceding the Latest Practicable Date and are or may be material:

- i. the sale and purchase agreement regarding acquisition of trust beneficial interest of the property Rinku Gate Tower Building in Japan at a consideration of 2,960,000,000 Japanese Yen which is equivalent to about HK\$275,280,000, dated 12 December 2012 and other agreements in relation thereto;
- ii. the subscription of 58,655,578 newly issued ordinary shares of SiS THAI under its right offering to its existing shareholders at the offer price of Baht 3.25 per shares on 10 June 2013. Final allotment of 55,891,595 ordinary shares with total consideration Baht 181,647,683.75 (approximately HK\$46,454,000) on 21 June 2013;
- iii. the sale and purchase agreement regarding acquisition of the trust beneficial interest of Toyoko Inn Naha Asahi-bashi Ekimae, Toyoko Inn Kanazawa Kenrokuen Korinbo, Toyoko Inn Shonan Hiratsuka-eki Kitaguchi No. 1, Toyoko Inn Niigata Furumachi and Toyoko Inn Tokushima Ekimae in Japan at a consideration of 6,433,900,000 Japanese Yen which is equivalent to about HK\$514,712,000, dated 3 September 2013 and other agreements in relation thereto; and
- iv. the sale and purchase agreement regarding acquisition of the trust beneficial interest of a hotel property named Dormy Inn Premium Otaru in Japan at a consideration of 2,700,000,000 Japanese Yen which is equivalent to about HK\$205,200,000, dated 14 July 2014 and other agreements in relation thereto.

8. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this circular or has given opinions or advice which are contained in this circular:

Name	Qualification
Proton Capital Limited	a corporation licensed to carry out business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Shareholders in connection with the Proposed Spin-off

Proton Capital has confirmed that as at the Latest Practicable Date, it did not have any beneficial 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 nor did it have any direct or indirect interests in any assets which have since 31 December 2013 (being the date to which the latest published audited consolidated financial statements of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

Proton Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its opinion prepared for the purpose of incorporation in this circular, and the references to its name and opinion in the form and context in which they respectively appear.

9. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2013, being the date to which the latest published audited consolidated accounts of the Group have been made up.

10. LITIGATION

As at the Latest Practicable Date, no litigation or claims of material importance was known to the Directors to be pending or threatened against any member of the Group.

11. GENERAL

- i. The secretary of the Company is Ms. Chiu Lai Chun, Rhoda, associate member of Hong Kong Institute of Certified Public Accountants;
- ii. The registered office of the Company is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda;

- iii. The Company's branch share registrar in Hong Kong is Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong; and
- iv. In the event of inconsistency, the English text shall prevail over the Chinese text.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 803 Nine Queen's Road Central, Hong Kong up to and including 12 January 2015:

- i. this circular and the circular dated 20 November 2014 in relation to the waiver of assured entitlement under a proposed spin-off and separate listing of ITCL on stock exchanges in Bangladesh;
- ii. the memorandum and articles of association and bye-laws of the Company;
- iii. the annual reports of the Company for the three years ended 31 December 2011, 31 December 2012 and 31 December 2013; and the interim report of the Company for the six months ended 30 June 2014;
- iv. the letter of recommendation from the Independent Board Committee, the text of which is set out on page 18 of this circular;
- v. the letter of advice from Proton Capital to the Independent Board Committee and the Shareholders, the text of which is set out on pages 19 to 32 of this circular;
- vi. the written consent as referred to under the section headed "Experts and Consents" in this appendix; and
- vii. the material contacts referred to under the section headed "Material Contracts" in this appendix.