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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)

POSSIBLE VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE PRE-CONDITIONAL VOLUNTARY GENERAL OFFER TO ACQUIRE THE OFFER SHARES OF THE TARGET COMPANY BY THE OFFEROR

THE POSSIBLE OFFER

The Board is pleased to announce that the Offeror, on 13 September 2017, sent the Intention Letter to the board of directors of the Target Company, pursuant to which the Offeror will make a pre-conditional voluntary general offer for all the Offer Shares from the Target Company Shareholders in accordance with the Thailand's Rules on Business Takeovers, subject to the fulfilment or waiver (as applicable) of the Pre-Conditions.

The Offer Price shall be THB7.00 (subject to up to 10% adjustments based on the market conditions in Thailand) and will be satisfied in cash. Such 10% adjustments (if applicable) will be made prior to the making of the Offer and the posting of the Offer Document.

The Offer, based on the Offer Price of THB7.00 (which is subject to adjustments) and the 184,095,498 Offer Shares, is valued at THB1,288,668,486 (equivalent to approximately HK\$296,245,629). The total value of the Offer will be up to THB1,417,535,335 (equivalent to approximately HK\$325,870,192), assuming an upward adjustment of 10% of the Offer Price is made.

The making of the Offer and the posting of the Offer Document are subject to the fulfilment or waiver (as applicable) of the following Pre-Conditions on or before the Long-Stop Date:

- (a) the Shareholders having approved the Acquisition at a general meeting of the Company pursuant to the requirements of the Hong Kong Listing Rules; and
- (b) there being no Material Adverse Effect on the Target Company from the date of the Pre-Conditional Offer Announcement up to the Long-Stop Date.

* for identification purpose only

The Pre-Condition (a) above cannot be waived by the Offeror. If any of the Pre-Conditions is not satisfied or waived (as applicable) on or before the Long-Stop Date, the Offer will not be made.

The Pre-Conditional Offer Announcement setting out the terms and conditions of the Offer (the key terms and conditions of which have been described in this announcement) and such other information as required under applicable Thailand laws and Thailand's Rules on Business Takeovers, is available on the website of the SET (<https://www.set.or.th>).

As at the date of this announcement, the Company through its subsidiary holds approximately 47.29% of the Target Shares. In addition, each of Mr. Lim Kia Hong and Mr. Lim Hwee Hai holds approximately 0.07% and 0.07% of the Target Shares, respectively.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in Thailand whose shares have been quoted and traded on the SET since 21 June 2004. The principal business of the Target Company is the distribution of IT products (such as computer, software, computer components, peripheral, office automation equipment and smartphone) in Thailand.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group has been actively assessing the global market for attractive investment opportunities to complement its existing businesses and to further develop itself into a leading company in the IT industry.

The Board believes that the Acquisition is beneficial to the Group because it will bring financial benefits to the Group and is strategically beneficial as it will allow the Group to (i) establish market presence in Thailand and other Southeast Asian regions and (ii) enhance its IT product distribution business.

HONG KONG LISTING RULES IMPLICATIONS

As the applicable percentage ratios as defined in Rule 14.07 of the Hong Kong Listing Rules for the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition of the Company under Chapter 14 of the Hong Kong Listing Rules. Accordingly, the Acquisition is subject to the reporting, announcement and Shareholders' approval requirements under the Hong Kong Listing Rules.

WARNING

THE OFFER WILL NOT BE MADE UNLESS AND UNTIL THE PRE-CONDITIONS ARE FULFILLED OR WAIVED BY THE OFFEROR (AS APPLICABLE) ON OR BEFORE THE LONG-STOP DATE. ACCORDINGLY, ALL REFERENCES TO THE OFFER IN THIS ANNOUNCEMENT REFER TO A POSSIBLE VOLUNTARY GENERAL OFFER WHICH WILL ONLY BE MADE IF AND WHEN SUCH PRE-CONDITIONS ARE FULFILLED OR WAIVED BY THE OFFEROR (AS APPLICABLE).

SHAREHOLDERS AND PROSPECTIVE INVESTORS OF THE COMPANY ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY. PERSONS WHO ARE IN DOUBT AS TO THE ACTION SHOULD CONSULT THEIR PROFESSIONAL ADVISERS.

THE POSSIBLE OFFER

The Board is pleased to announce that the Offeror, on 13 September 2017, sent the Intention Letter to the board of directors of the Target Company, pursuant to which the Offeror will make a pre-conditional voluntary general offer for all the Offer Shares from the Target Company Shareholders in accordance with the Thailand's Rules on Business Takeovers, subject to the fulfilment (or waiver, as applicable) of the Pre-Conditions. The Offer is on the following basis:

For each Offer Share THB7.00 in cash

As at the date of this announcement, the Offeror does not own or control, directly or indirectly, any Target Shares.

The Pre-Conditional Offer Announcement setting out the terms and conditions of the Offer (the key terms and conditions of which have been described in this announcement) and such other information as required under applicable Thailand laws and Thailand's Rules on Business Takeovers, is available on the website of the SET (<https://www.set.or.th>).

As at the date of this announcement, the Company through its subsidiary holds approximately 47.29% of the Target Shares. In addition, each of Mr. Lim Kia Hong and Mr. Lim Hwee Hai holds approximately 0.07% and 0.07% of the Target Shares, respectively.

A. Pre-Conditions to the Offer

The making of the Offer and the posting of the Offer Document are subject to the fulfillment (or waiver, as applicable) of the following Pre-Conditions on or before the Long-Stop Date:

- (a) the Shareholders having approved the Acquisition at a general meeting of the Company pursuant to the requirements of the Hong Kong Listing Rules; and
- (b) there being no Material Adverse Effect on the Target Company from the date of the Pre-Conditional Offer Announcement up to the Long-Stop Date.

The Pre-Condition (a) above cannot be waived by the Offeror. If and when all the Pre-Conditions have been fulfilled or waived by the Offeror (as applicable), the Offeror will make the Formal Offer Announcement within one business day after such Pre-Conditions are fulfilled or waived (as applicable). The Offer Document and the appropriate form(s) of acceptance for the Offer will be despatched to the Target Company Shareholders not later than seven business days from the date of the Formal Offer Announcement, or such other date permitted under the Thailand's Rules on Business Takeovers. The Offer will be made for all the Offer Shares subject to the terms and conditions to be set out in the Offer Document to be issued by the Offeror to the Target Company Shareholders in connection with the Offer. In the case of non-satisfaction of the Pre-Conditions or upon the expiration of one year from the date of this announcement, the Offeror shall submit a statement declining to make the Offer to the Thailand SEC within three business days from the date of non-satisfaction of such Pre-Conditions or the last day of such one year period, whichever comes earlier.

If any of the Pre-Conditions are not fulfilled or waived by the Offeror (as applicable) on or before the Long-Stop Date, the Offer will not be made and the Company will issue an announcement confirming that fact as soon as reasonably practicable.

B. Offer Price

The Offer Price shall be THB7.00 (subject to up to 10% adjustments based on the market conditions in Thailand) and will be satisfied in cash. Such 10% adjustments (if applicable) will be made prior to the making of the Offer and the posting of the Offer Document.

The Offer, based on the Offer Price of THB7.00 (which is subject to adjustments) and the 184,095,498 Offer Shares, is valued at THB1,288,668,486 (equivalent to approximately HK\$296,245,629). The total value of the Offer will be up to THB1,417,535,335 (equivalent to approximately HK\$325,870,192), assuming an upward adjustment of 10% of the Offer Price is made.

Settlement of the Offer will be made in cash by way of either cheque or money transfer to the tender offeree on the third business day following the last day of the Offer Period upon valid acceptance of the Offer.

The Offer Price was derived through several valuation methodologies that are customary to a transaction of this nature, including the use of dividend discount model, market multiples analysis, and volume weighted average price, having taken into consideration, (i) the assessment of the financial and business performance of the Target Company and (ii) the historical share prices of the Target Company.

The Offer Price of THB7.00 represents:

- (a) a discount of approximately 10.83% over the closing price of THB7.85 per Target Share as quoted on the SET on the Last Trading Date;
- (b) a discount of approximately 11.95% over the average closing price of THB7.95 per Target Share, being the average closing price of Target Shares as quoted on the SET for the 5 trading days immediately prior to the Last Trading Date;
- (c) a discount of approximately 7.89% over the average closing price of THB7.60 per Target Share, being the average closing price of Target Shares as quoted on SET for the 30 trading days immediately prior to the Last Trading Date; and
- (d) a discount of approximately 5.66% over the average closing price of THB7.42 per Target Share, being the average closing price of Target Shares as quoted on SET for the 60 trading days immediately prior to the Last Trading Date.

If any dividend, right or other distribution or return of capital is announced, declared, paid or made by the Target Company on or after the date of the Pre-Conditional Offer Announcement, the Offeror reserves the right to reduce the Offer Price payable to the accepting Target Company Shareholder(s) by an amount equivalent to such dividend, right, other distribution or return of capital.

C. Minimum Acceptance Condition

The Offer (if and when made) will be conditional upon the Offeror receiving valid acceptances in respect of such number of Offer Shares which, when taken together with the shares already owned and controlled by the Group, will result in the Offeror and the Group carrying more than 51% of the voting rights attributable to the Target Shares, by the Closing Date. Upon the completion of the Offer, the Target Company will become an indirectly non-wholly owned subsidiary of the Company.

LISTING STATUS OF THE TARGET COMPANY

Pursuant to the SET Regulation on Listing Status, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer, in order to maintain the qualification of being a listed company on the SET, the number of Minority Ordinary Shareholders of the Target Company shall be not less than 150 and such shareholders shall hold shares in aggregate of not less than 15% of the paid-up capital of the Target Company (the “**Requirement of Minority Ordinary Shareholders**”). In the case that the Requirement of Minority Ordinary Shareholders is not met, the SET shall be notified of such event in writing and the Target Company shall proceed with the distribution of shareholdings to meet the Requirement of Minority Ordinary Shareholders within one year from the end of the period for submitting the share distribution report specified by the SET. In the case that the Target Company is unable to distribute its shareholdings to meet the Requirement of Minority Ordinary Shareholders within that one year period, the SET shall generally announce that the Target Company is unable to distribute shareholdings to meet the Requirement of Minority Ordinary Shareholders. The Target Company shall pay additional annual fee apart from the annual fee to be normally paid by the Target Company and report the progress of the distribution of shareholders in accordance with the guideline stipulated by the SET.

THE OFFEROR’S INTENTIONS

Upon the completion of the Offer, the Company has no plan to liquidate the Target Company’s core assets, or change the nature of the Target Company’s business, or capital structure. In addition, the Company intends to maintain the listing status of the Target Company on the SET and fulfill the Requirement of Minority Ordinary Shareholders upon the completion of the Offer.

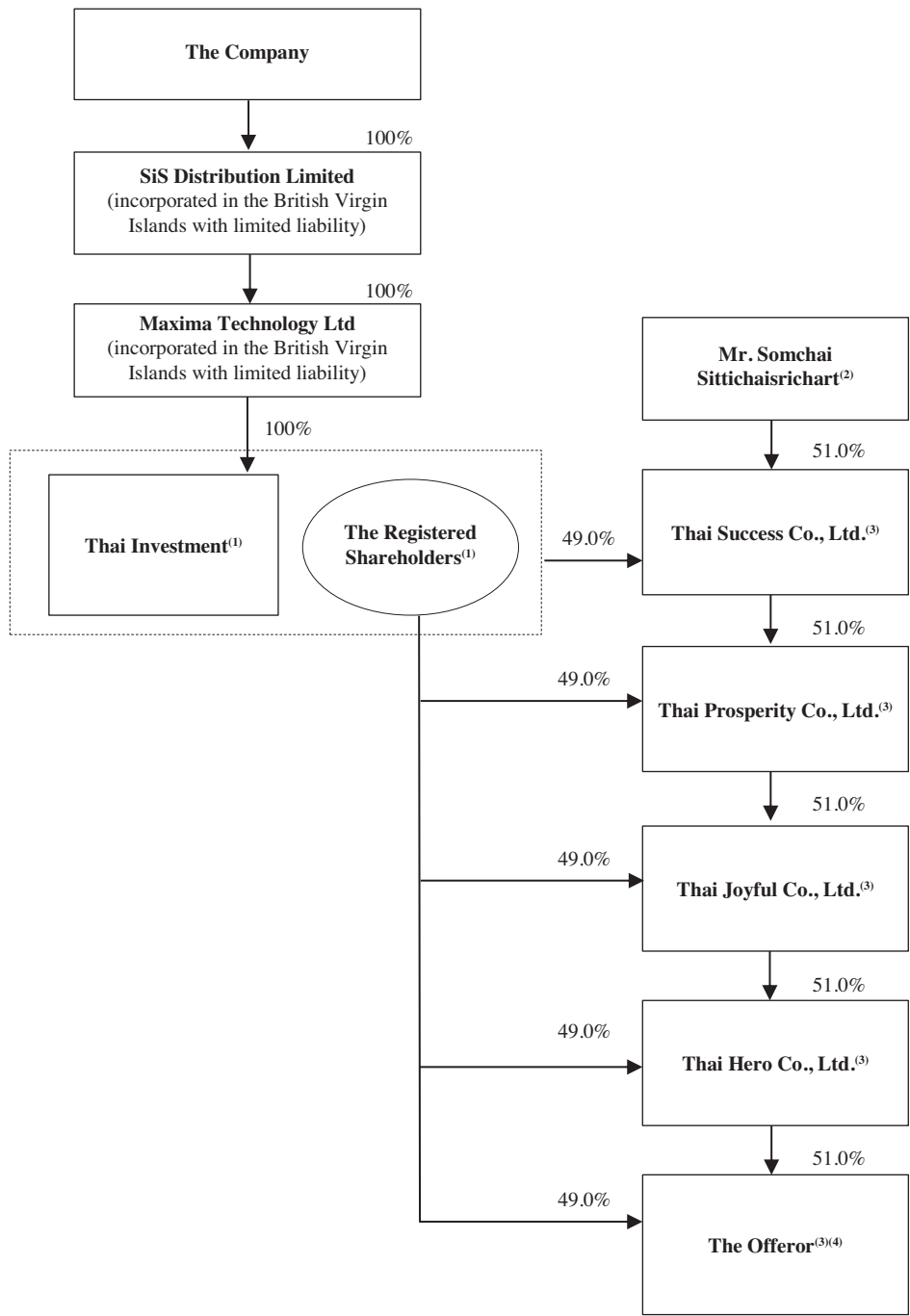
INFORMATION ON THE COMPANY

The principal activity of the Company is investment holding. The Group is principally engaged in real estate investments business, distribution of mobile and IT products and investments in IT, securities and other businesses.

INFORMATION ON THE OFFEROR

The principal activity of the Offeror is investment holding. The Offeror is a company incorporated in Thailand and is directly held as to approximately 48.996% by Thai Investment (an indirectly wholly-owned subsidiary of the Company), 0.004% by the Registered Shareholders, and 51% by Thai Hero Co., Ltd. Both the Company and Mr. Somchai Sittichaisrichart, a director of the Target Company, are the ultimate beneficial owners of the Offeror.

Set out below is the current shareholding structure of the Offeror as at the date of this announcement:



Notes:

- (1) Thai Investment holds 48.966%, 48.978%, 48.986%, 48.992% and 48.996% interests in Thai Success Co., Ltd, Thai Prosperity Co., Ltd, Thai Joyful Co., Ltd, Thai Hero Co., Ltd and the Offeror. Each of the Registered Shareholders holds 0.017%, 0.011%, 0.007%, 0.004% and 0.002% interests for and on behalf of Thai Investment, respectively, in Thai Success Co., Ltd, Thai Prosperity Co., Ltd, Thai Joyful Co., Ltd, Thai Hero Co., Ltd and the Offeror, pursuant to the declarations of trust dated 19 July, 20 July, 21 July, 24 July and 25 July 2017, respectively. Also, Thai Investment obtained an undertaking from each of the Registered Shareholders under these declarations of trust that they would vote in the same way as Thai Investment on all the resolutions to be proposed at the shareholders' meeting of each of the Thai Holding Companies and the Offeror. Thai Investment together with the Registered Shareholders hold 49% interests in each of the Thai Holding Companies and the Offeror.
- (2) None of Mr. Somchai Sittichaisrichart or any of his associates is a connected person by virtue of Rule 14A.09 of the Hong Kong Listing Rules.
- (3) For each of the Thai Holding Companies and the Offeror, the board of directors are the two Registered Shareholders and Madam Lim Hwee Noi, who together represent the Company, and Mr. Somchai Sittichaisrichart.
- (4) Under this shareholding structure, the Company (through Thai Investment), together with the Registered Shareholders, will obtain an effective equity interest of 96.55% in the Offeror, which is calculated as $49\%+(49\%*51\%)+(49\%*51\%*51\%)+(49\%*51\%*51\%*51\%)+(49\%*51\%*51\%*51\%*51\%)$. Mr. Somchai Sittichaisrichart will obtain an effective equity interest of 3.45% in the Offeror, which is calculated as $51\%*51\%*51\%*51\%*51\%$.

As advised by the Company's legal counsel in Thailand, (a) the Offer and the shareholding structure of the Offeror complies with the Thailand's Rules on Business Takeovers and the relevant laws and regulations in Thailand, and (b) the Target Company will comply with the relevant listing rules in Thailand upon completion of the Acquisition.

The FBA imposes limitations on the types of business enterprises a foreign person can operate in Thailand. A "foreign corporation" is an incorporated limited company, where at least 50% of its capital is owned by non-Thai nationals or non-Thai corporations. If a foreigner owns a 50% stake or more in the entity in Thailand, such entity will be restricted under the FBA from engaging in certain business activities, such as wholesale/retail, broker/agent, and any type of service activities, including giving advice, training, installation, repair, and maintenance. As advised by the Company's legal counsel in Thailand, since each of the Thai Holding Companies and the Offeror is held as to 49% by Thai Investment together with the Registered Shareholders and is regarded as a Thai company under the FBA, and Mr. Somchai Sittichaisrichart is Thai national, each of the Thai Holding Companies and the Offeror shall not be restricted from engaging in businesses in Thailand under the FBA.

Under Thailand law, a simple majority number of shareholders of a limited company can control the company by exercising their voting rights at shareholders' meeting by a show of hands and can appoint or remove a director at such shareholders' meeting. There is no requirement for shareholders to vote by poll at shareholders' meeting of a limited company under the relevant laws and regulations (including listing rules) in Thailand. However, a company can opt for voting by poll in its articles under Thailand law.

According to the articles of each of the Thai Holding Companies and the Offeror, every shareholder shall vote by a show of hands at the respective shareholders' meeting. As illustrated in the shareholding structure above, the Company, through Thai Investment, together with the two Registered Shareholders already represent the majority number of the shareholders of each of the Thai Holding Companies and the Offeror. Given that (a) Thai Investment obtained an undertaking from each of the Registered Shareholders that they would vote in the same way as Thai Investment on all the resolutions to be proposed at the shareholders' meeting of each of the Thai Holding Companies and the Offeror, and (b) a transfer, sale, pledge, or disposal of the shares or placement of the shares as a guarantee, or creating any encumbrance over the shares by other means shall be made only with prior approval from the board of directors according to these respective articles, the Company (as an ultimate shareholder of Thai Investment) has control over each of the Thai Holding Companies and the Offeror.

According to the articles of the Target Company, every Target Company Shareholder shall have one vote for each share of the Target Company at the shareholders' meeting. Since the Company, together with the Offeror, will obtain more than 51% of the voting rights attributable to the Target Shares upon completion of the Acquisition, the Company will have control over the Target Company after the Acquisition.

Under Thailand law, additions to or alterations of the articles of a limited company can only be adopted by passing a special resolution with votes of not less than 75% of total number of votes of shareholders who attend the shareholders' meeting and have the right to vote, either by a show of hands or by poll in accordance with the articles of the limited company. Since (a) the Company, through Thai Investment, together with the two Registered Shareholders already represent the majority number of the shareholders of each of the Thai Holding Companies and the Offeror, and (b) the Company, together with the Offeror, will obtain more than 51% of the voting rights attributable to the Target Shares upon completion of the Acquisition, it is not expected that the articles of each of the Thai Holding Companies, the Offeror and the Target Company will be amended or altered upon completion of the Acquisition without the approval of the Company or the Offeror.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in Thailand whose shares have been quoted and traded on the SET since 21 June 2004. The principal business of the Target Company is the distribution of IT products (such as computer, software, computer components, peripheral, office automation equipment and smartphone) in Thailand.

The Target Company operates in IT distribution which purchases products and services from approximately 70 suppliers and distributes to various channel. In 2016, the Target Company distributed products and services to approximately 4,600 dealers and retailers which re-sell to end users, corporate as well as government sector. Majority of products is the IT products which cover all product categories, ranging from products that are used in households such as computers, printers, smartphones and tablets to the products that are used in corporations such as server computers, network, data storage, software and other peripheral equipment.

According to the annual report of the Target Company for the year ended 31 December 2016, the Target Group has four reportable segments:

- (1) **Commercial products.** These are IT products which are used in business. The distribution channel are corporate reseller and system integrators. Major product categories include personal computer/server, storage, network and printer.
- (2) **Consumer products.** These are IT products which are used in small enterprises and households. The main distribution channel is retail dealer. Major product categories include printer, personal computer/notebook, network, monitor, mouse/keyboard, storage and tablet.
- (3) **Value-added products.** These are the IT products which require pre-sales and after-sales services. The type of these products are new innovative, high technology for data center and mostly demanded by large organizations including both private and government sectors. Major product categories include enterprise storage, enterprise server, backup, network, security, virtualization and surveillance.
- (4) **Phones.** These are phone products including smartphone and phone accessories such as memory cards. The distribution channel is phone retailers.

As at the date of this announcement, to the best knowledge, information and belief of the Directors having made reasonable enquiries:

- (a) each of the shareholders of the Offer Shares and its ultimate beneficial owner(s) is an Independent Third Party;
- (b) the Target Company does not have any outstanding options, warrants, derivatives or convertibles which may confer any rights to the holders to subscribe for, convert or exchange into shares of the Target Company besides the Target Shares; and
- (c) no Director has a material interest in the Acquisition, therefore no Director is required to abstain from voting on the proposed resolution to approve the Acquisition at the meeting of the Board.

FINANCIAL INFORMATION OF THE TARGET GROUP

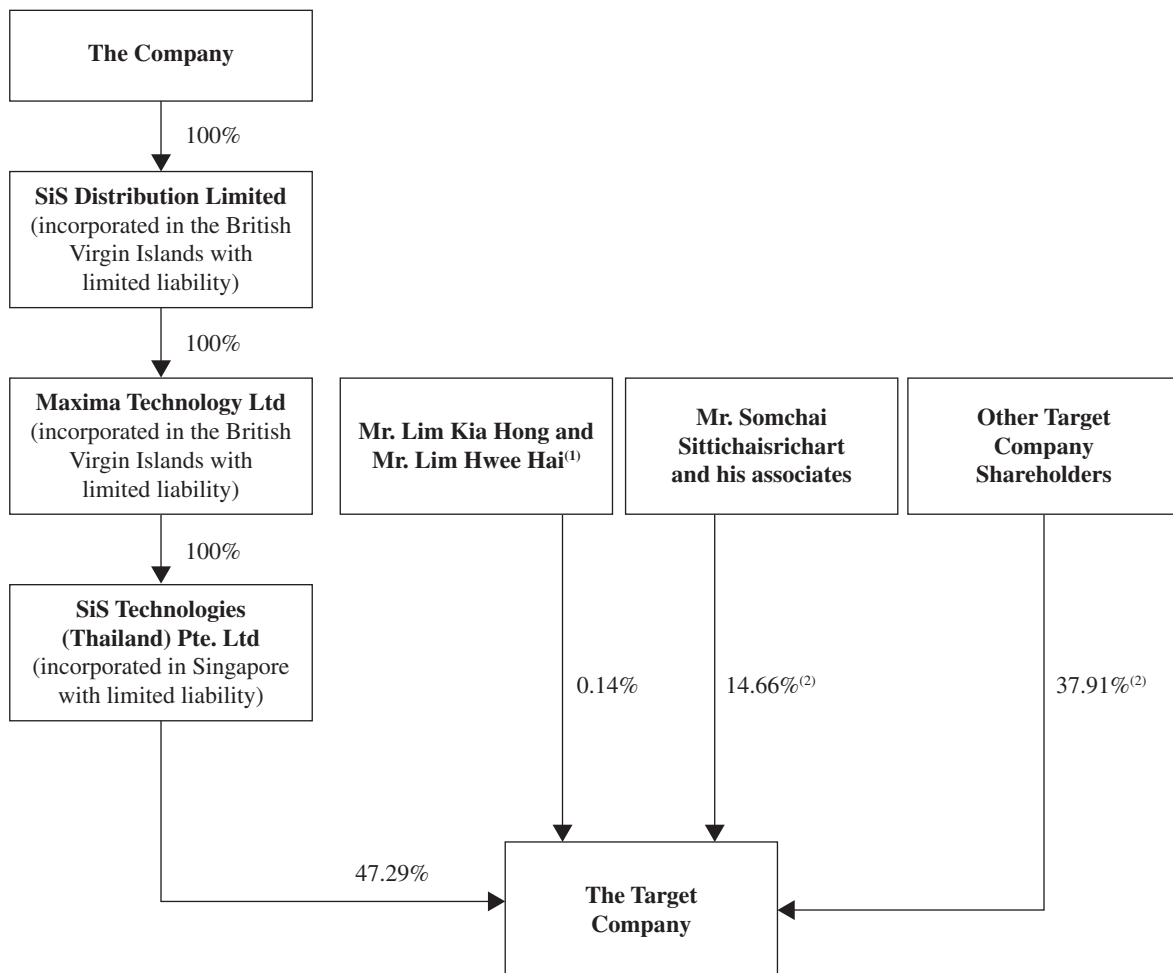
Set out below is a summary of certain consolidated audited financial information of the Target Group for the two years ended 31 December 2015 and 31 December 2016, respectively, and the unaudited interim financial information of the Target Group for the six months ended 30 June 2017, which has been prepared in accordance with the Thai Financial Reporting Standards as extracted from the published financial results of the Target Group.

	For the six months ended 30 June 2017 (unaudited)	For the year ended 31 December 2016 (audited)	For the year ended 31 December 2015 (audited)
Net profit before taxation and extraordinary items (if any)	THB180,299,000 (equivalent to approximately HK\$41,448,000)	THB307,130,000 (equivalent to approximately HK\$70,605,000)	THB232,498,000 (equivalent to approximately HK\$53,448,000)
Net profit after taxation and extraordinary items (if any)	THB142,057,000 (equivalent to approximately HK\$32,657,000)	THB227,445,000 (equivalent to approximately HK\$52,286,000)	THB166,338,000 (equivalent to approximately HK\$38,239,000)

The audited and unaudited consolidated net asset value of the Target Group as at 31 December 2016 and 30 June 2017 was THB1,709,123,000 (equivalent to approximately HK\$392,902,000) and THB1,711,101,000 (equivalent to approximately HK\$393,357,000), respectively).

SHAREHOLDING STRUCTURE OF THE TARGET COMPANY

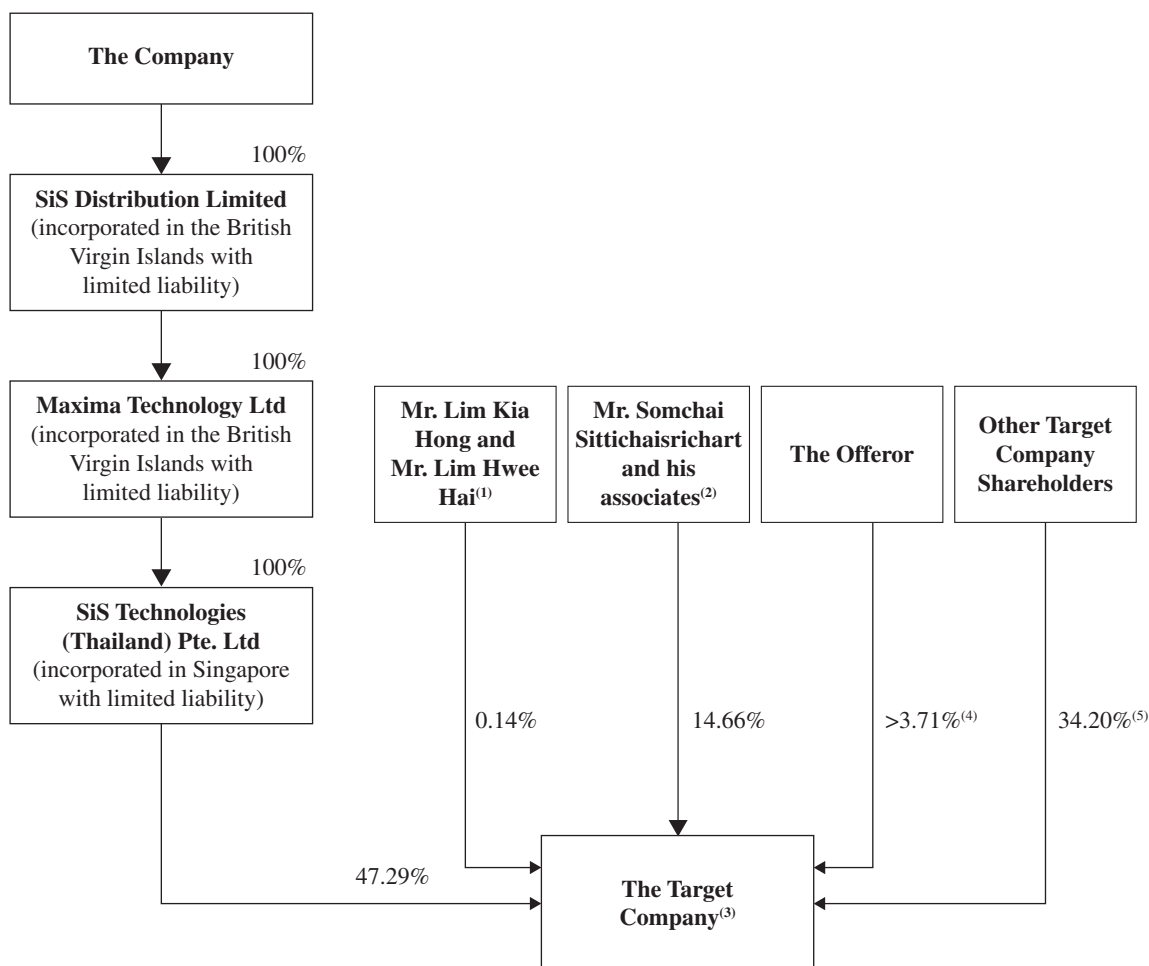
Set out below is the current shareholding structure of the Target Company as at the date of this announcement:



Notes:

- (1) Each holds approximately 0.07% of the Target Shares.
- (2) The Offer Shares of 184,095,498 shares, being all the issued and fully paid-up Target Shares other than those already owned and controlled by the Group, Mr. Lim Kia Hong and Mr. Lim Hwee Hai, together representing approximately 52.57% of the Target Shares as at the date of this announcement.

Set out below is the proposed shareholding structure of the Target Company immediately upon completion of the Acquisition:



Notes:

- (1) Each holds approximately 0.07% of the Target Shares.
- (2) Mr. Somchai Sittichaisrichart and his associates continue to hold approximately 14.66% of the Target Shares, assuming that none of them accept the Offer. Mr. Somchai Sittichaisrichart and his associates did not enter into any agreement or arrangement with the Company, the Company's connected persons and the Other Target Company Shareholders in relation to the Acquisition, which confers upon Mr. Somchai Sittichaisrichart and his associates any benefits (whether economic or otherwise) not available to the Shareholders.
- (3) Assuming that the minimum acceptance condition of 51% of the voting rights attributable to the Target Shares is met, the Company (through Thai Investment) and the Registered Shareholders will obtain an effective equity interest of 50.87% in the Target Company, which is calculated as 47.29%+3.71%*(96.55%). Assuming that each of Mr. Somchai Sittichaisrichart and his associates does not accept the Offer, Mr. Somchai Sittichaisrichart and his associates will obtain an effective equity interest of 14.79% in the Target Company, which is calculated as 14.66%+3.71%*(3.45%).
- (4) Subject to the minimum acceptance condition of 51% of the voting rights attributable to the Target Shares.
- (5) Subject to the Requirement of Minority Ordinary Shareholders.

Under the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, since the Company owns more than half of the voting power of each of the Thai Holding Companies and the Offeror under the proposed shareholding structure and will have control over the shareholders' meeting of the Target Company upon completion of the Acquisition, the financial results of the Target Group, the Offeror and the Thai Holding Companies will be consolidated into the accounts of the Group upon completion of the Acquisition by the Offeror.

FUNDING FOR THE ACQUISITION

Given the effective equity interests held in the Offeror, the Group and Mr. Somchai Sittichaisrichart will contribute approximately 96.55% and 3.45%, respectively, of the Offer Price.

The funds to be contributed by Group will be financed by a combination of bank loans and internal resources of the Company, for the Offeror to settle the Offer Price.

The funds to be contributed by Mr. Somchai Sittichaisrichart will be financed by his personal funds, to settle the Offer Price in cash.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group has been actively assessing the global market for attractive investment opportunities to complement its existing businesses and to further develop itself into a leading company in the IT industry. The Board believes that the Acquisition is beneficial to the Group for the following reasons:

(a) The Acquisition will bring financial benefits to the Group

According to the annual report of the Company for the year ended 31 December 2016, the Target Company continued to perform well during 2016 and contributed profit of HK\$23 million to the Group. The Board considers that the business prospects of the Target Company is promising. The Acquisition would help enhance the profitability of the Group and it is in the interests of the Group and the Shareholders as a whole.

(b) The Acquisition is strategically beneficial to the Group

The principal activity of the Company is investment holding. The Group is principally engaged in real estate investments business, distribution of mobile and IT products and investments in IT, securities and other businesses. As part of its investment strategy, the Group will look for acquisition opportunities in the international markets to strengthen its existing business. The Board believes that the Acquisition is strategically beneficial to the Group as it will allow the Group to:

(i) establish market presence in Thailand and other Southeast Asian regions

The Group currently only has a moderate market presence of IT business in Hong Kong and Macau. The Target Company operates in IT distribution which purchases products and services from approximately 70 suppliers and distributes to various channel in Thailand. In 2016, the Target Company has distributed products and

services to approximately 4,600 dealers and retailers which re-sell to end users, corporate as well as government sector. The Acquisition can help the Group establish market presence in Thailand, which can be a gateway for the Group to expand into other Southeast Asian regions. Also, the establishment of the Group's market presence in Thailand can enhance the Target Group's business and create business synergies and economies of scales as a result of geographical diversification.

(ii) enhance the Group's IT product distribution business

Apart from real estate investments business, investment in IT, securities and other businesses, the Group is also engaged in IT products distribution business in Hong Kong and Macau. The Acquisition will enhance the Group's IT product distribution business by bringing in new business opportunities for the Group.

In light of the above, the Company started to explore the possibility to increase its shareholding in the Target Company in the first quarter of 2017. The Board has known Mr. Somchai Sittichaisrichart, who was appointed as a director of the Target Company since June 1998, for over 18 years. Since Mr. Somchai Sittichaisrichart has extensive management experience in the Target Group, cooperation with Mr. Somchai Sittichaisrichart to establish the Offeror will enable the Company to better manage the Target Group after the Acquisition. Based on the above, the Board considers that the Acquisition (including the terms and conditions of the Offer) are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

HONG KONG LISTING RULES IMPLICATIONS

As the applicable percentage ratios as defined in Rule 14.07 of the Hong Kong Listing Rules for the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition of the Company under Chapter 14 of the Hong Kong Listing Rules. Accordingly, the Acquisition is subject to the reporting, announcement and Shareholders' approval requirements under the Hong Kong Listing Rules.

EGM

The EGM will be convened for the purpose of considering and, if thought fit, approving the Acquisition and the transactions contemplated thereunder. To the best knowledge of the Board, as at the date of this announcement, except for Mr. Somchai Sittichaisrichart who holds approximately 0.072% of the Shares, no Shareholder has a material interest in the Acquisition, therefore no Shareholder (other than Mr. Somchai Sittichaisrichart) is required to abstain from voting on the proposed resolution to approve the Acquisition at the EGM.

It is expected that the Company will despatch a circular containing, among other matters, further information on the Acquisition and the transactions contemplated thereunder to the Shareholders on or before 4 October 2017.

GENERAL

Each of this announcement and the Pre-Conditional Offer Announcement does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this announcement in any jurisdiction in contravention of applicable law. The Offer (if and when made), will be made solely by the Offer Document and the relevant form(s) of acceptance accompanying the same, which will contain the full terms and conditions of the Offer, including details of how it may be accepted. For the avoidance of doubt, the Offer (if and when made) will be open to all Target Company Shareholders holding Target Shares, including those to whom the Offer Document and relevant form(s) of acceptance may not be sent.

The release, publication or distribution of this announcement, the Pre-Conditional Offer Announcement and the Offer Document in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this announcement, the Pre-Conditional Offer Announcement and the Offer Document are released, published or distributed should inform themselves about and observe such restrictions.

Copies of this announcement, the Pre-Conditional Offer Announcement and any formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the law of that jurisdiction (a “**Restricted Jurisdiction**”) and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

The Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.

The ability of Target Company Shareholders who are not resident in Thailand to accept the Offer may be affected by the laws of the relevant jurisdictions in which they are located. Persons who are not resident in Thailand should inform themselves of, and observe, any applicable requirements.

WARNING

THE OFFER WILL NOT BE MADE UNLESS AND UNTIL THE PRE-CONDITIONS ARE FULFILLED OR WAIVED BY THE OFFEROR (AS APPLICABLE) ON OR BEFORE THE LONG-STOP DATE. ACCORDINGLY, ALL REFERENCES TO THE OFFER IN THIS ANNOUNCEMENT REFER TO A POSSIBLE VOLUNTARY GENERAL OFFER WHICH WILL ONLY BE MADE IF AND WHEN SUCH PRE-CONDITIONS ARE FULFILLED OR WAIVED BY THE OFFEROR (AS APPLICABLE).

SHAREHOLDERS AND PROSPECTIVE INVESTORS OF THE COMPANY ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY. PERSONS WHO ARE IN DOUBT AS TO THE ACTION SHOULD CONSULT THEIR PROFESSIONAL ADVISERS.

DEFINITIONS

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

“Acquisition”	the acquisition of the Offer Share(s) by the Offeror from certain Target Company Shareholder(s) under the Offer
“acting in concert”	has the meaning ascribed to it in the Thailand’s Rules on Business Takeovers
“associate(s)”	has the meaning ascribed to it in the Hong Kong Listing Rules
“Board”	the board of Directors
“business day(s)”	any day other than Saturday, Sunday, SET holidays, Thailand SEC holidays, or public holidays of Thailand
“Circular”	the circular to be despatched to the Shareholders containing, among other things, further information of the Acquisition
“Closing Date”	the closing date of the Offer
“CMSB Notification”	the Notification of the Capital Market Supervisory Board No. ThorJor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers
“Company”	SiS International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Hong Kong Stock Exchange (Stock Code: 00529)
“connected person”	has the meaning ascribed to it in the Hong Kong Listing Rules

“Director(s)”	the director(s) of the Company
“Dissenting Target Company Shareholder(s)”	the Target Company Shareholders who do not accept the Offer
“EGM”	the extraordinary general meeting of the Company (or any adjournment thereof) to be convened for the purpose of considering, and if thought fit, approving the Acquisition and the transactions contemplated thereunder
“FBA”	The Foreign Business Act B.E. 2542 (A.D. 1999), as amended from time to time
“Formal Offer Announcement”	an announcement on the Offeror’s firm intention to make the Offer
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Third Party”	a person independent of the Company and its connected persons (as defined in the Hong Kong Listing Rules)
“Intention Letter”	the intention letter sent by the Offeror to the Target Company on 13 September 2017 (after the trading hours of the Hong Kong Stock Exchange) in relation to the Offer
“IT”	Information Technology
“Last Trading Date”	means 13 September 2017, being the last trading day prior to the publication of the Pre-Conditional Offer Announcement
“Long-Stop Date”	the date falling approximately 5 weeks after the date of the Pre-Conditional Offer Announcement, being 23 October 2017, or such other date as the Offeror and the Target Company may determine in consultation with the Thailand SEC

“Material Adverse Effect”	in relation to the Target Company, (a) any event, occurrence, fact, condition or change that is, or would reasonably be expected to become, individually or in the aggregate, materially adverse to the business, results of operations, financial condition or assets of the Target Company provided that such event or act is not caused by the Group, or (b) any event or occurrence, including, among others, any act performed by the Target Company, that results or is likely to result in a substantial reduction in the market price of the Target Shares as quoted on the SET
“Minority Ordinary Shareholders”	<p>meaning ordinary shareholders who are not Persons Taking Part in the Management</p> <p>Under Thailand law, “Persons Taking Part in the Management” means person who has controlling power, and shall mean to include shareholders who are:</p> <ol style="list-style-type: none"> (1) directors, managers or the first four persons in the management level next below the manager, all persons who hold positions equivalent to the fourth person in the management level of the company, including related persons and persons related by blood, marriage or registration under laws of the said persons, which are father, mother, spouse and children; or (2) shareholders holding shares in excess of 5% of the paid-up capital, which shall be inclusive of the shares held by related persons, unless such shareholders are securities companies, life-insurance companies, insurance companies, mutual funds, provident funds, social security funds, pension funds, or investment projects approved under Thailand law
“Offer”	a pre-conditional voluntary general offer to be made, subject to the fulfilment or waiver by the Offeror (as applicable) of the Pre-Conditions, by the Offeror to acquire all of the Offer Shares
“Offer Document”	the formal offer document setting out the definitive terms and conditions of the Offer
“Offer Period”	the period during which the Offer will remain open
“Offer Price”	the final offer price per Offer Share

“Offer Share(s)”	184,095,498 shares, being all the issued and fully paid-up Target Shares other than those already owned and controlled by the Group, Mr. Lim Kia Hong and Mr. Lim Hwee Hai, together representing approximately 52.57% of the Target Shares as at the date of this announcement
“Offeror”	Thai Alliance Co., Ltd., a company incorporated in Thailand with limited liability which was incorporated on 10 August 2017 and is directly held as to approximately 48.996% by Thai Investment, 0.004% by the Registered Shareholders, and 51% by Thai Hero Co., Ltd
“PRC” or “China”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan
“Pre-Condition(s)”	the pre-conditions to the making of the Offer, as set out under the section headed “Pre-Conditions to the Offer” of this announcement
“Pre-Conditional Offer Announcement”	the pre-conditional offer announcement being made by the Target Company in relation to the Offer on 13 September 2017, subject to the fulfilment or waiver (if applicable) of the Pre-Conditions (a copy of which is available on the website of the SET (https://www.set.or.th))
“Registered Shareholders”	Mr. Lim Kia Hong and Mr. Lim Hwee Hai who each holds 0.017%, 0.011%, 0.007%, 0.004% and 0.002% interests for and on behalf of Thai Investment in Thai Success Co., Ltd, Thai Prosperity Co., Ltd, Thai Joyful Co., Ltd, Thai Hero Co., Ltd and the Offeror, respectively
“Requirement of Minority Ordinary Shareholders”	has the meaning ascribed to it in the section headed “Listing Status of the Target Company” of this announcement
“Restricted Jurisdiction”	has the meaning ascribed to it in the section headed “General” of this announcement
“SEA”	the Securities and Exchange Act B.E. 2535 (A.D. 1998), as amended from time to time
“SET”	The Stock Exchange of Thailand
“SET Regulation on Listing Status”	Regulation of the SET Re: Listing of Ordinary Shares or Preferred Shares as Listed Securities B.E. 2558 (2015), Chapter 6 — Maintaining the Status of Listed Companies on the Exchange
“Share(s)”	ordinary share(s) of the Company

“Shareholder(s)”	holder(s) of issued Share(s)
“Target Company”	SiS Distribution (Thailand) Public Company Limited, a company incorporated in Thailand, the shares of which are listed on the SET (Stock Code: SIS)
“Target Company Shareholder(s)”	holder(s) of issued Target Share(s)
“Target Group”	the Target Company and its subsidiaries
“Target Share(s)”	ordinary share(s) in the capital of the Target Company. As at the date of this announcement, the Target Company has 350,198,655 issued and paid-up shares
“Thai Holding Companies”	being Thai Success Co., Ltd, Thai Prosperity Co., Ltd, Thai Joyful Co., Ltd and Thai Hero Co., Ltd. which were incorporated in Thailand on 10 August 2017 as limited liability companies whose principal activities are investment holding
“Thai Investment”	Thai Investment Holdings Pte. Ltd., a company incorporated in Singapore with limited liability and is an indirectly wholly owned subsidiary of the Company, with the principal activity of investment holding
“Thailand SEC”	the Securities and Exchange Commission of Thailand
“Thailand’s Rules on Business Takeovers”	the SEA and the CMSB Notification
“THB”	Thai Baht, the lawful currency of Thailand
“%”	per cent.

Unless otherwise stated, the exchange rates adopted in this announcement for illustration purposes only is HK\$1 to THB4.35.

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

Hong Kong, 13 September 2017

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