

SALE OF PROPERTIES IN INDONESIA

A. Introduction

The board of directors (the “**Directors**” or the “**Board**”) of S i2i Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce the sale of the following properties in Indonesia by the Group:

- (a) PT Selular Media Infotama (“**PT SMI**”), a subsidiary of the Company, has on 18 May 2016 entered into a sale and purchase agreement with PT. Pegadaian, an unrelated third party, for the sale of the property located at Komplek Palembang Square, Ruko No. R 103-105, POM IX, Palembang 30137 (the “**First Property**”) at an aggregate price of approximately IDR6,545,000,000 (approximately S\$665,000); and
- (b) PT Metrotech Jaya Komunika Indonesia, a subsidiary of the Company, has on 28 June 2016 entered into a transfer lease with Mr. Joni Wu, an unrelated third party, for the transfer of the lease for the property located at 3 floor, No. 720, Pusat Grosir Cililitan (PGC) Jl. Mayjen Sutoyo, Jakarta Timur (the “**Second Property**”) at an aggregate price of approximately IDR385,000,000 (approximately S\$39,000); and
- (c) PT SMI has also on 29 June 2016 entered into a sale and purchase deed with PT Baruna Bina Utama, an unrelated third party, for the sale of the property located at Jl. Dr. Sutomo No. 7, Kelurahan Bausasran, Kecamatan Danurejan, Kota Yogyakarta, Propinsi Daerah Istimewa Yogyakarta (the “**Third Property**”) at an aggregate price of approximately IDR3,864,000,000 (approximately S\$393,000).

(collectively, the “**Disposals**”, and each a “**Disposal**”)

When aggregated, the relative figure computed under Rule 1006(c) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in respect of the Disposals exceeds 5% (but does not exceed 20%). Accordingly, the Disposals together constitute a discloseable transaction under Rule 1010 of the Listing Manual of the SGX-ST. Please refer to paragraph H below for further details on the computation of the Rule 1006 relative figures.

B. Information on the Properties

(a) The First Property

The First Property comprises a three-storey shop unit (also known as a “**Ruko**” in Indonesia) with a total area of approximately 135 square meters. This shop unit was previously used by the Group as a branch office for its device business operations but had been vacant for the last three years after the Group closed its branch office in that region in or around 2013 to curb losses. The net book value and the net tangible asset value of the First Property as at 31 March 2016 were approximately S\$732,000.

(b) The Second Property

The Second Property comprises a leasehold kiosk in a retail mall in Jakarta Timur with a remaining lease period of approximately 17 years and has a total area of approximately 6.54 square meters. Prior to 2007, this kiosk was used by the Group as a retail store for its device business operations. Since 2007, the kiosk was rented out by the Group to unrelated third parties for an annual rent of IDR31,000,000 (approximately S\$3,200). The net book value and the net tangible asset value of the Second Property as at 31 March 2016 were approximately S\$31,000.

(c) The Third Property

The Third Property comprises a three-storey shop unit in Yogyakarta with a total area of approximately 216 square meters. This shop unit was previously used by the Group as a branch office for its device business operations but had been vacant for the last four years after the Group closed its branch office in that region in or around 2012 to curb losses. The net book value and the net tangible asset value of the Third Property as at 31 March 2016 were approximately S\$305,000.

C. Consideration

The total consideration for the Disposals is approximately IDR10,794,000,000 (approximately S\$1,097,000), exclusive of applicable value-added taxes. The consideration for the respective Disposals was arrived at on a willing-buyer willing-seller basis after arm's-length negotiations between the relevant parties and after taking into account current market conditions and the indicative market value of the properties in the vicinity of the properties concerned. The Group has not commissioned a separate valuation of the respective properties for purposes of the Disposals.

The considerations for the disposal of the First Property and the Second Property were fully satisfied in cash on completion of the respective disposals, which have both taken place as at the date of this announcement.

PT SMI has received a non-refundable down-payment of IDR25,000,000 (approximately S\$2,540) in cash in respect of the disposal of the Third Property on 29 June 2016. The remaining consideration for the disposal of the Third Property will be fully satisfied in cash on completion of the disposal, which is expected to take place on or around 30 June 2016.

D. Salient Terms of the Disposals

The disposals of the First Property and the Second Property were not subject to any material condition and were completed on 18 May 2016 and 28 June 2016 respectively. The disposal of the Third Property is also not subject to any material condition and is expected to be completed on or around 30 June 2016.

E. Rationale for the Disposals

The First Property, Second Property and Third Property were no longer required for the Group's core operations. The Disposals are in line with the Group's strategic plans to curb losses and dispose of loss-making assets. In addition, the Disposals allowed the Group to realise the value of the properties and reduce maintenance costs incurred by the Group for its properties in Indonesia. The Board is thus of the view that the Disposals are in the best interests of the Group.

F. Use of Proceeds

The net proceeds from the Disposals will be used by the Group for its general working capital requirements.

G. Financial Effects

The financial effects of the Disposals set out below are for illustrative purposes only and should not be taken as an indication of the actual financial performance or position of the Group following the Disposals nor a projection of the future financial performance or position of the Group after the Disposals. The financial effects set out below are based on the Company's audited financial statements for the financial year ended 31 December 2015 ("FY2015").

(i) Net tangible assets (“NTA”) per share

Assuming the Disposals had taken place on 31 December 2015, the NTA per share of the Group would be as follows:

	Before the Disposals	After the Disposals
NTA (S\$’000)	57,789	58,145
Number of issued shares (’000)	13,712	13,712
NTA per share (Singapore cents)	421.43	424.03

Note: For the purposes of the calculations in this paragraph G(i), the exchange rate of IDR9,756 to S\$1.00 as at 31 December 2015 has been used.

(ii) Earnings per share (“EPS”)

Assuming the Disposals had been effected on 1 January 2015, the EPS of the Group would be as follows:

	Before the Disposals	After the Disposals
Net profit/(loss) after tax (S\$’000)	960	1,283
Weighted average number of issued shares (’000)	13,712	13,712
EPS (Singapore cents)	7.01	9.36

Note: For the purposes of the calculations in this paragraph G(ii), the exchange rate of IDR9,396 to S\$1.00 as at 31 December 2014 has been used.

Based on the latest announced unaudited consolidated financial statements of the Group for the first quarter ended 31 March 2016, the net gain on the Disposals over the aggregate book values of the First Property, the Second Property and the Third Property as at 31 March 2016 is approximately S\$30,000.

H. Relative Figures Pursuant to Rule 1006 of the Listing Manual

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST are as follows:

Rule	Bases of computation	Size of relative figure (%)
1006(a)	Net asset value of assets being disposed of, compared with the Group's net asset value	1.78 ⁽¹⁾
1006(b)	Net profits attributable to the assets disposed of, compared with the Group's net profits	-0.53 ⁽²⁾

1006(c)	Aggregate value of consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	5.16 ⁽³⁾
1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable as this is a disposal
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company.	Not applicable as this is not a disposal of mineral, oil or gas assets by a mineral, oil and gas company

Notes:

- (1) Based on the latest announced unaudited consolidated financial statements of the Group for the first quarter ended 31 March 2016. The aggregate net asset value of the First Property, the Second Property and the Third Property as at 31 March 2016 is approximately IDR10,501,000,000 (approximately S\$1,068,000).
- (2) Based on the latest announced unaudited consolidated financial statements of the Group for the first quarter ended 31 March 2016. The net loss attributable to the First Property, Second Property and Third Property as at 31 March 2016 is approximately S\$10,000, after taking into consideration the rental income derived from the Second Property of IDR7,750,000 (approximately S\$1,000) and depreciation on the properties. The First Property and Third Property were vacant.
- (3) Based on the aggregate value of consideration for the Disposals of approximately IDR10,794,000,000 (approximately S\$1,097,000) and the market capitalisation of the Company of approximately S\$21,262,500 determined by multiplying the existing number of shares in issue by S\$1.5506, being the weighted average price of the Company's shares transacted on 28 June 2016.

Based on the relative figures computed above, the Disposals constitute a discloseable transaction under Rule 1010 of the Listing Manual of the SGX-ST. As none of the relative figures exceeds 20%, shareholders' approval is not required for the Disposals.

I. Interest of Directors and Controlling Shareholders

Save for their respective directorships and/or shareholding interests in the Company, if any, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Disposals.

J. Directors' Service Contracts

No person is proposed to be appointed as a director of the Company in connection with the Disposals. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

K. Documents for Inspection

Copies of the transfer lease for the disposal of the Second Property and the sale and purchase deed for the disposal of the Third Property are available for inspection during normal business hours at the registered office of the Company at 152, Ubi Avenue 4, Level 4, Smart Innovation Centre, Singapore 408826 for a period of three (3) months from the date of this announcement.

The Board wishes to inform shareholders that the sale and purchase agreement for the disposal of the First Property had been signed by both the parties and submitted to the relevant notary in Indonesia as part of the disposal process and is expected to be made available to the Company on or around 21 July 2016. The Company expects to be able to make available this document for inspection during normal business hours at the registered office of the Company at 152, Ubi Avenue 4, Level 4, Smart Innovation

Centre, Singapore 408826 for a period of three (3) months from 21 July 2016.

Note: Unless otherwise stated, the exchange rate of IDR9,841 to S\$1.00 as at 31 March 2016 has been used for the purposes of calculations in this announcement.

BY ORDER OF THE BOARD

S i2i Limited

Mr. Maneesh Tripathi
Executive Director and Group CEO

30 June 2016