S I2I LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 199304568R)
(the "**Company**")

BUSINESS UPDATE: REALLOCATION OF NATIONAL DISTRIBUTOR CLUSTERS BY TELKOMSEL

The board (the "**Board**") of directors (the "**Directors**") of the Company wishes to announce that PT Selular Media Infotama ("**SMI**"), a subsidiary of the Company, was allotted four clusters pursuant to a consolidation exercise conducted by Telkomsel (the "**Consolidation Exercise**").

SMI is a distributor of pre-paid air-time cards and other operator products for Telkomsel and other mobile operators in Indonesia. Previously, Telkomsel had divided the Indonesian territory into 204 clusters to be allocated to exclusive distributors of its prepaid operator products. SMI was appointed by Telkomsel as the exclusive distributor for 12 clusters for a period of two years until September 2015.

Telkomsel had announced that it intended to consolidate the clusters and such consolidation will reduce the number of clusters from 204 to approximately 130 and the number of its existing exclusive dealers from 155 to approximately 100. SMI submitted its proposal to Telkomsel in the second week of June after receiving a request for proposal from Telkomsel. Following the proposal made by SMI, Telkomsel informed SMI on 21 September 2015 that SMI has been allocated 4 clusters. This represents a decrease in the clusters allocated to SMI even after taking into account the effects of Telkomsel's consolidation of clusters.

The Consolidation Exercise resulted in an extensive reallocation and movement of the existing distributors of Telkomsel including clusters of certain distributors being completely lost. SMI was able to get 4 consolidated clusters in this process.

The reduction in allocation of clusters to SMI is expected to reduce the Group's revenue for the quarter ended 31st December 2015 and resultantly the financial year ending 31 December 2015. The impact on the overall financial position of the Group and Company is being examined by the Company.

The reduction in revenue will also follow with a commensurate reduction in associated costs or costs transferred out as the old lost clusters are being transitioned. Such transition will be facilitated by Telkomsel as per its guidelines and policies.

In addition, in light of the Consolidation Exercise, the Company intends to reduce the costs incurred by SMI in line with the expected revenue. SMI will also explore increasing its distribution volumes of operator products with other telecom operators who have also proposed to re-allocate existing clusters.

By Order of the Board

MANEESH TRIPATHI
EXECUTIVE DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER
2 October 2015