

**S I2I LIMITED**  
**(Formerly known as Spice i2i Ltd.)**  
**(Incorporated in the Republic of Singapore)**  
**(Company Registration No. 199304568R)**

**DISPOSAL OF ASSETS**

**1. INTRODUCTION**

**1.1.** The Board of Directors (the “**Board**”) of S i2i Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company and certain of its Malaysian subsidiaries (the “**Si2i Affiliates**”<sup>1</sup>, and together with the Company, the “**Sellers**”) have, on 17 June 2014, entered into an asset transfer agreement (the “**Agreement**”) with Dato Eric Chuah (the “**Purchaser**”), pursuant to which the Sellers have agreed to transfer to the Purchaser, and the Purchaser has agreed to purchase, acquire and assume the following as at the closing (the “**Closing**”) of the Agreement:

- (i) certain inventory and receivables assets of the Si2i Affiliates (the “**Specified Assets**”) and the “**CSL Trademark**”; and
- (ii) certain obligations and liabilities including those relating to the after sales services and the Specified Assets (the “**Specified Obligations**”, and together with the CSL Trademark and the Specified Assets, the “**Sale Assets**”),

each of which are more particularly described below, on the terms and subject to the conditions set forth in the Agreement (the “**Disposal**”).

**1.2.** Pursuant to the Agreement, the Closing shall take place on the date of execution of the Agreement by the Sellers and the Purchaser (the date of the Closing hereinafter referred to as the “**Closing Date**”). Accordingly, the Board wishes to announce that the Disposal was completed today.

**2. PRINCIPAL TERMS OF THE DISPOSAL**

**2.1. Purchase and sale of CSL Trademark, Specified Assets and Specified Obligations**

**2.1.1.** Subject to the terms of the Agreement, at the Closing, the relevant Si2i Affiliates shall transfer the Specified Assets to the Purchaser. The Company will also transfer to the Purchaser the “**CSL Trademark**” owned by the Company or its Affiliates<sup>2</sup>. Further, in consideration for the asset transfer transactions contemplated by the Agreement, the Purchaser will assume the Specified Obligations in the manner set forth in the Agreement.

**2.1.2.** By way of background, the Group has since the second quarter of 2013 discontinued with the active use of the “**CSL**” brand for its mobile phones sold in Malaysia to cater for the subsequent launch of the sale of the Group’s own “**Spice**” brand mobile phones around the third quarter of 2013. In connection with the brand transition, the Group had also in July 2013 renamed its main Malaysian subsidiary operating the Business (as defined in paragraph 3.1 below), from Spice CSL International Sdn Bhd. to Spice International Sdn Bhd.

**2.1.3.** All Specified Assets and the “**CSL Trademark**” shall be sold, assigned and transferred to the Purchaser on an “as is where is” basis.

**2.1.4.** The Specified Assets comprise of:

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<sup>1</sup> The Si2i Affiliates comprises Spice International Sdn Bhd., I Gate Holdings Sdn Bhd., Homestead Shop (M) Sdn Bhd., Dot Mobile Sdn. Bhd., BTC Academy Sdn. Bhd., CSL Multimedia Sdn Bhd and CSL Mobilecare (M) Sdn Bhd

<sup>2</sup> In this announcement, Affiliate means with respect to a party, its subsidiaries or associated companies, or any individual, corporation, company, partnership, joint venture, association, trust or any other entity or organization which controls or is controlled by or is under common control of such party.

- (i) certain inventory of mobile phones, other mobile devices (including cameras) and related accessories and spare parts; and
- (ii) certain specific receivables of Si2i Affiliates, including the receivables for the recovery of which the Sellers have already started legal proceedings (the “**Receivables**”),

as of 31 May 2014, further details of which are set out in the Agreement.

2.1.5. The Specified Obligations comprise of the obligations and liabilities relating only to:

- (i) warranty and after sales services to be provided in relation to any products sold by the Sellers in Malaysia, irrespective of whether such sales are undertaken prior to or after the Closing Date;
- (ii) the employees transferred to the Purchaser or its Affiliates (as the case may be) in accordance with paragraph 2.3.1 below for any period commencing from the Closing Date; and
- (iii) all liabilities (including contingent liabilities) relating to the Specified Assets and arising after the Closing Date.

## **2.2. Consideration**

2.2.1. At the Closing, in consideration of the sale and transfer of the Specified Assets to the Purchaser on the terms of the Agreement, the Purchaser will pay to such Si2i Affiliates an aggregate consideration of US\$2,000,000 (the “**Assets Consideration**”) and assume the Specified Obligations, all in the manner mutually agreed between the Sellers and the Purchaser.

2.2.2. At the Closing, in consideration of the transfer of the “CSL Trademark” by the Company to the Purchaser in the manner set forth in the Agreement, the Purchaser shall pay to the Company an aggregate consideration of US\$1 (the “**Trademark Consideration**”).

2.2.3. On the Closing Date or as soon as practicable thereafter, but no later than one business day after the Closing Date, the Sellers and the Purchaser shall jointly inspect and prepare a list of the inventory actually delivered to the Purchaser on the Closing Date. If there is any reduction in the volume of inventory delivered to the Purchaser on the Closing Date in comparison to the inventory specified in the Agreement, the Assets Consideration shall be appropriately adjusted to account for any value realised by the Sellers for the shortfall in inventory. The Sellers and the Purchaser shall cooperate with each other in good faith to determine the value realised by the Sellers for the shortfall in inventory and such realisation shall be refunded and returned by the Sellers to the Purchaser or adjusted against the Assets Consideration.

2.2.4. The Sellers and the Purchaser agree that if any of the Receivables are realised or received by the Sellers any time prior to the Closing but after 31 May 2014, then, such realised amounts shall be adjusted against the Assets Consideration or the Sellers shall promptly after the Closing handover the realised amounts to the Purchaser.

2.2.5. The Assets Consideration and Trademark Consideration were arrived at through arms length negotiations on a willing-buyer, willing-seller basis.

## **2.3 Other terms of the Agreement**

2.3.1 The Purchaser also has the right to acquire from the Si2i Affiliates the leasehold rights of certain properties set out in the Agreement (comprising of certain warehouse) subject to the conditions in the Agreement. The Purchaser is also obliged to offer, or cause any of his Affiliates to offer, employment to the employees of Si2i Affiliates, although such employees have the option of whether to accept the offer or not.

## 2.4 Nexian/Spice Trademarks

- 2.4.1 On and from the Closing Date, the Purchaser shall be entitled to use on a non-exclusive basis for a maximum period of six months from the Closing Date, "Nexian" and "Spice" trademarks to the extent such use is necessary or reasonably required for the liquidation of any inventory of the products carrying Nexian and/or Spice trademarks acquired by the Purchaser pursuant to the Agreement. Any such usage shall be in accordance with the Sellers' trademark usage guidelines as notified to the Purchaser from time to time. The limited right and license to use Nexian and Spice trademarks is non-exclusive, non-assignable and non-transferable and is granted for a limited period on a royalty free basis. Any such right and license shall terminate forthwith upon the earlier of (a) the Purchaser liquidating the Purchaser's entire inventory of Nexian and Spice products acquired pursuant to the Agreement or (b) the expiry of six months from the Closing Date. The Sellers and their Affiliates retain all right, title and interest in and to Nexian and Spice trademarks and all uses by the Purchaser of Nexian and Spice trademarks pursuant to the Agreement shall inure solely to the benefit of the Sellers and their Affiliates.

## 3. RATIONALE FOR THE SALE

- 3.1. The S i2i Affiliates' have since 2010 been engaged in the business (the "**Business**") of marketing, distribution, and/or sale of mobile handsets (with SIM cards), other mobile devices (including cameras) and related accessories in the territory of Malaysia. The Business is operated primarily using the Sale Assets. The Business has been loss-making. This has arisen due to factors such as unfavourable market conditions in Malaysia.
- 3.2. The Disposal, which represents a calibrated reduction in the Group's exposure to the Business, will therefore reduce inventory carrying cost and reduce overall cost for the Group while also releasing cash for the Group to be redeployed where appropriate. A gradual or normal process for the liquidation or sale of inventory of the Sale Assets would have taken approximately five to six months to complete and would be subject to the risk of price erosion due to the dynamic nature of the mobile industry.
- 3.3. As such, it is in the interest of the Group that it proceeds with the Disposal.

## 4. VALUE OF SALE ASSETS

- 4.1. The book value (the "**Book Value**") and net tangible asset value of the Sale Assets to be disposed of under the Disposal (based on the unaudited consolidated financial results of the Group ended 31 March 2014) is approximately US\$2,546,500.
- 4.2. Accordingly, the proceeds of the Disposal represents a deficit of approximately US\$546,500 over the Book Value. The loss on the Disposal is approximately US\$546,500.
- 4.3. There is no net profit attributable to the Sale Assets being disposed of as they are loss-making (based on the unaudited consolidated financial results of the Group ended 31 March 2014).

## 5. FINANCIAL EFFECTS

- 5.1. The proforma financial effects of the Disposal on the net tangible assets ("**NTA**") per share and the earnings per share ("**EPS**") of the Group are set out below. The proforma financial effects have been prepared based on the audited consolidated financial results of the Group for the 18-month financial period ended 31 December 2013 and are purely for illustration purposes only and are therefore not necessarily indicative of the actual financial position of the Group after Closing.
- 5.2. NTA per share

The effects of the Disposal on the audited consolidated NTA per share of the Group for the 18-month financial period ended 31 December 2013, assuming that the Disposal had been effected on 31 December 2013, are summarised below:-

	<b>Before the Disposal</b>	<b>After the Disposal</b>
NTA per share (US cents)	0.90	0.86

Note:

(1) The above computation is based on 5,484,980,836 shares of the Company as at 31 December 2013.

### 5.3. EPS

The effects of the Disposal on the audited consolidated EPS of the Group for the 18-month financial period ended 31 December 2013, assuming that the Disposal had been effected on 1 July 2012, are summarised below:-

	<b>Before the Disposal</b>	<b>After the Disposal</b>
EPS (US cents)	(1.06)	(1.02)

Note:

(1) The above computation is based on the weighted average number of shares of the Company of 5,484,980,836 for the 18-month financial period ended 31 December 2013.

## 6. USE OF SALE PROCEEDS

6.1. The net proceeds from the Disposal will be used to provide additional working capital for the Group's businesses.

## 7. RULE 1006

7.1. The relative figures in relation to the Disposal computed on the applicable bases set out in Rule 1006 of the Listing Manual of the SGX-ST (the "**Listing Manual**"), based on the Group's unaudited financial statements for the period ended 31 March 2014, being the latest announced consolidated financial statements of the Group as at the date of the Agreement, are as follows:-

<b>Rule</b>	<b>Description</b>	<b>Figure</b>
Rule 1006(a)	The net asset value of the Sale Assets to be disposed of, compared with the Group's net asset value.	2.91%
Rule 1006(b)	The net profit attributable to the Sale Assets disposed of, compared with the Group's net profit.	Not meaningful <sup>(1)</sup>
Rule 1006(c)	The aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	5.70%
Rule 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
Rule 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.	Not applicable

Note:

(1) Based on the Group's unaudited financial statements for the period ended 31 March 2014, the Group made a net loss of US\$3,897,933, and the Business (which is primarily based on the Sale Assets) made a net loss of approximately US\$1,509,000.

Based on the above, the Disposal is a discloseable transaction for the purpose of Chapter 10 of the Listing Manual.

**8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

8.1. None of the Directors and the controlling shareholders of the Company have any interest or are deemed to be interested in the Disposal.

**9. DIRECTORS' SERVICE CONTRACTS**

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

**10. INSPECTION OF DOCUMENTS**

10.1. A copy of the Agreement is available for inspection during normal business hours at the Company's registered office for 3 months from the date of this announcement.

**BY ORDER OF THE BOARD**

*Maneesh Tripathi*

*Chief Executive Officer*

**S I2I LIMITED**

17 June 2014