

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

**CLARIFICATION AND FURTHER INFORMATION IN RELATION TO THE COMPANY'S THIRD
QUARTER & NINE MONTHS FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR
THE PERIOD ENDED 31 MARCH 2013 (UNAUDITED)**

The Company refers to its announcement dated 14 May 2013 in relation to its "Third Quarter & Nine Months Financial Statement and Dividend Announcement for the Period ended 31 March 2013 (unaudited)" (**3Q Unaudited Financials**).

Blackberry distribution and retail

The Company wishes to clarify the following statement at Note 1 of the 3Q Unaudited Financials: "Accordingly, the company plans to move out of Blackberry distribution business, as this has low margin. However, the company continues to retail Blackberry products, which has a higher margin."

The Blackberry products (**BB Products**) business of the Company can be divided into two streams: (1) distribution of BB Products through dealers and sub-dealers, and (2) retail of BB Products directly with end users. The Company is reducing its focus on BB Products distribution as it has relatively lower gross margins and stiffer market competition compared to the retail of BB Products. In particular, the direct retail of BB Products reaches directly to end customers without any layers of dealers and sub-dealers which translates to higher gross margins.

Both streams of BB Products business made a marginal loss for the period for July 2012 to March 2013, wherein the gross margin of the BB Products retail business was still higher than the BB Products distribution business.

This is in line with the Company's announcement on 13 March 2013, that the Affinity Group is in discussions with the master distributor of Blackberry products on a new strategy which focuses on selling Blackberry products through the Company's own retail chains, and also distribution to premium retail outlets instead of mass distribution.

The Company's strategy of retailing BB Products will not affect the business of the Company's own "Nexian" brand mobile phones (**Nexian Products**). The business of retailing and distributing BB Products is a different line of business from the retailing and distribution of Nexian Products. BB Products belong to the high end multinational / international mobile phone market, and Nexian Products belong to a different value for money segment catering to the local Indonesian market. The margins for Nexian Products are also relatively higher than that for the retail or distribution of BB products.

The Company's strategy continues to focus on marketing its own Nexian Products. The Company is revitalizing its Nexian Products from feature phones to smart phones as announced previously on 5 March 2013.

Myanmar market

The Company wishes to clarify the following statement at Note 1 of the 3Q Unaudited Financials: "The Company has also actively explored Myanmar market in the last quarter and is in the process of appointing distributors in the country as it plans to open up its Telecom sector."

The Company previously announced on 6 Dec 2010 that it is the first Singapore company to venture into the Myanmar mobile communications market. At the time of the said announcement, the Company

was the first Singapore company to venture into the Myanmar mobile communications market by opening a mobile retail store in Myanmar to market its mobile devices (**Initial Myanmar Business**).

The Initial Myanmar Business was done in conjunction with a business partner/retailer and was set up to test the Myanmar market as a pilot project. However, the business did not develop as expected in part because the local regulatory environment at that time was restrictive. Consequently, the Initial Myanmar Business via the business partner/retailer was scaled down to a operationally minimal sale & service center. Since the end of 2012, the Company observed that the Myanmar business and regulatory environment has become more receptive to foreign investment. Accordingly, the Company is again actively exploring new potential business opportunities in Myanmar, in particular, leveraging the ground work and connections built up through the Initial Myanmar Business.

The Company will continue to update shareholders on any material information in relation to any major developments in the business and business direction of the Company as appropriate.

BY ORDER OF THE BOARD

Maneesh Tripathi
Chief Executive Officer
S i2i Limited

28th May 2013