

**Issuer: S i2i Limited**

**Security: S i2i Limited**

**Meeting details:**

**Date: 30 April 2018**

**Time: 3.00 p.m.**

**Venue: 152 Ubi Avenue 4, Ground Floor, Auditorium, Smart Innovation Centre, Singapore 408826**

## **Company Description**

S i2i Limited provides telecommunication services. It operates through Distribution of Operator Products and Services, ICT Distribution and Managed Services, and Mobile Device Distribution and Retail, and Battery Electric Vehicles segments. The Distribution of Operator Products and Services segment distributes mobile prepaid cards of telecom operators in Indonesia. It operates a distribution network of approximately 30,000 resellers, and 150 dealers and sub-dealers, as well as a network of various branch offices and sub-branch offices in Indonesia. The ICT Distribution and Managed Services segment engages in the supply, rental, maintenance, and servicing of computer hardware and peripheral equipment; and systems integration services related to computer equipment and peripherals, storage systems, and networking products. This segment is also involved in the provision of computer advising and consultation services; training of personnel and sales, and services of computer software; PC-Phone services; GCC services; IDD, Mobile VoIP, and VoIP telephony services; enterprise services; wholesale termination services; technology licensing services; and ISP services, as well as Internet infrastructure, e-business applications consulting, project management, and systems support services. The Mobile Device Distribution and Retail segment sells mobile handsets, and related products and services. The Battery Electric Vehicles segment engages in the battery electric vehicles and passenger land transport business. The company also designs and markets telecommunication software. The company was formerly known as Spice i2i Limited. S i2i Limited was incorporated in 1993 and is headquartered in Singapore.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=BAI](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=BAI))

1. On 5 April 2018, the company announced the cessation of Dr Bhupendra Kumar Modi ("Dr Modi") as Non-Executive Director and Chairman of the Board.

The reason for the cessation was:

*Resignation due to personal preoccupations and his plans to pursue philanthropic endeavours in the quest for building a better society and work towards the greater good*

On the same day, the company announced that Ms. Chada Anitha Reddy, was appointed as a non-independent non-executive director on the Board of the Company on 4 April 2018 to be effective from 7 April 2018.

- (i) **Would the board help shareholders understand if the company would be appointing a chairman of the board soon?**
- (ii) **What is the search and nomination process for a director/chairman? What is the timeline for appointing a new chairman?**
- (iii) **In addition, for the benefit of both new and old shareholders, could the company explain the reason that Ms. Chada Anitha Reddy has been deemed non-independent?**
- (iv) **As the company is proposing to change the name from S i2i Limited to SEVAK Limited, and coupled with the stepping down of Dr. Bhupendra Kumar Modi as chairman, would the company be carrying out a strategy review of the group's operations?**

2. Would the board/management provide shareholders with better clarity on the changes to the group's business plans based on the update provided in the Operational and financial performance review (page 4 of the annual report)? Specifically:

- (i) **Distribution of operator products and services:** The group's distribution network of more than 30,000 resellers and 150 dealers and sub-dealers has not grown in the past three years. Segment revenue has dropped from \$365 million in FY2014 to \$289 million in FY2017 and profit has shrunk by 70% to \$1.4 million. **What are the long term prospects of this segment? Is this a viable long term business given the changes in consumer behaviour? Is there also a risk of the telcos bypassing intermediaries and going straight to the consumers?**
- (ii) **ICT Distribution and Managed Services:** With the scaling down of the hardware business and the pivot to focus on services driven business and key innovative offerings aligned to IBM and HP strategy to improve margins, how does the group intend to execute on this strategy? **What is the target market in terms of the profile of the customers? Can management let shareholders know some of the major/high profile projects carried out by the group?**
- (iii) **Electric vehicles:** With the announced merger of the ride hailing services, how is the group's fleet of 50 BYDs affected? **Are there plans to bring this service to other regional cities? With already \$6.1 million committed in FY2017, how much capital investment is the group committing to the leasing of electric cars? What is the projected return on investment?**

3. Armed with a mandate for share buyback received from shareholders on 1 August 2017, the company bought back 1.233 million of its shares in the last financial year, for a consideration of \$3.8 million.

At the Annual General Meeting to be held on 30 April 2018, the group is also seeking shareholders' approval to renew the share buyback mandate.

In FY2016, the company carried out a capital reduction to return shareholders \$10.0 million.

- (i) As the group is currently in a \$14.9 million net cash position, would the board provide shareholders with better clarity on its capital management policy? How much working capital is needed to run the business and what is the company's limit on leverage/gearing?**

#### 41 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios and a positive cash position in order to support its business and maximise shareholder value.

(Source: Company annual report)

- (ii) As disclosed in Note 41 (page 135 - Capital management), can the board clarify what it means to "maintain a positive cash position in order to support its business and maximise shareholder value"? What is the role of debt/borrowings in the group's capital management policy?**

**\*\* The company was placed on the SGX watch list in 2015 for posting three straight years of losses and having an average market capitalisation that fell below S\$40 million. On 24 January 2018, the company announced that it has been granted a second 12-month extension, to 3 March 2019, for it to exit the SGX watch list. What are the company's plans to exit the SGX watch-list?**