NEXT-GENERATION SATELLITE COMMUNICATIONS LIMITED

Co. Registration No.196400100R

FUNDS PLACED WITH A CERTAIN FINANCE COMPANY IN HONG KONG

Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings in the Company's announcements dated 5 July 2012 and 25 June 2013.

The Board of Directors of Next-Generation Satellite Communications Limited (the "**Company**") refers to the announcements dated 25 July 2012 and 2 August 2012 in relation to the above matter, and wishes to update Shareholders that Ernst & Young Advisory Pte. Ltd. ("**E&Y**") has completed its investigation into the matter relating to the funds placed with a finance company, Niaga Finance Company, (the "**Finance Company**"), and has issued a report (the "**E&Y Report**") on its findings to the Audit Committee of the Company (the "**Audit Committee**").

The Audit Committee and the Board of Directors have reviewed the E&Y Report and have noted that E&Y has in the E&Y Report highlighted, among other things: (a) certain questionable cash movements between the Company and the Finance Company; (b) that there was evidence that may appear to suggest that the discrepancy in the Company's cash balances and cash restriction with the Finance Company relating to the amount of approximately S$26.8 million originally placed with the Finance Company, as further detailed in the announcement dated 5 July 2012 (the "**Discrepancies**") could be connected to the personal exposure of the former director of the Company, Mr Hady Hartanto (and possibly including companies connected to him) with the Finance Company. The E&Y Report has also identified certain weaknesses and lapses in the internal controls and corporate governance procedures of the Company.

A copy of the executive summary of the E&Y Report is attached to this announcement for the reference of Shareholders.

The Board of Directors has adopted the E&Y Report and has noted the findings highlighted in the same. To address these findings, the Board of Directors has convened a Special Committee comprising two Independent Directors of the Company, Mr Lye Meng Yiau and Mr Edward Fu, to assess, on the basis of the E&Y Report, (i) the extent of any damage caused to the Company arising from the matters highlighted in the E&Y Report; and (ii) the appropriate action (including any legal action if deemed appropriate) that the Company should take to address the matters highlighted in the E&Y Report, as well as any additional measures to be implemented to address the weaknesses and lapses in the internal controls and corporate governance procedures of the Company. The Special Committee will make its recommendations to the Board of Directors and the Company will update the Shareholders upon any further action taken by the Board.

As a matter of update in relation to the above, the Company would also wish to highlight that:

1. Approximately S$24.0 million of the funds that had been placed with the Finance Company has already been recovered through the settlement arrangement agreed between the Company and the Finance Company as disclosed in the announcement dated 25 June 2013, Under this settlement arrangement, the Finance Company had transferred the entire issued share capital of Arch Capital Limited ("**Arch**") and Hillgo Asia Limited ("**Hillgo**") to the Group. Arch and Hillgo hold two convertible notes (the "**Convertible Notes**") with a total principal value of HK$144.0 million issued on 5 April 2013 (the "**Issue Date**") by Neo Telemedia Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. The Convertible Notes will mature on the date falling three calendar years after the Issue Date and the interest receivable under the Convertible Notes is 7% per annum accrued on a day to day basis on the principal amount outstanding, payable in arrears on the respective dates falling 6 months, 12 months, 18 months, 24 months, 30 months and 36 months after the Issue Date. To date, all scheduled interest payments up to 5 April 2014 have been paid to the Group and the Company has been informed

that the interest payable on 5 October 2014 (being the date falling 18 months after the Issue Date) is in the process of being remitted.

2. Approximately S$2.8 million of the funds that had been placed with the Finance Company has already been recovered through remittances of a total of approximately S$2.2 million received from the Finance Company, as disclosed in the announcements dated 25 June 2013 and 12 July 2013. The remaining S$0.6 million which was withheld by the Finance Company is intended to be applied towards settlement of an invoice from the Finance Company for 65 sets of Universal Service Obligation equipment which was purchased under a conditional letter of credit arrangement provided by the Finance Company to one of the Group's subsidiaries. In the interests of prudence, the Company continues to record this amount as a receivable pending confirmation that the invoice has been settled. The amount of US$443,570 payable to the vendor (the "**Vendor**") of the 65 sets of Universal Service Obligation equipment has not been settled by the Company. However, as the amount owing by the Finance Company will effectively offset the amount payable to the Vendor, the Company does not consider this amount to be an amount that is effectively still owing to the Vendor.

3. The Company has engaged E&Y to review the internal control measures, policies and procedures within the Group, to identify and address any weaknesses and lapses in the internal controls and corporate governance procedures of the Company, over and above those that have already been highlighted in the E&Y Report, and also to conduct a further investigation into, inter alia, the discrepancies and matters highlighted in the E&Y Report (please refer to Paragraphs 1.6.24 to 1.6.30 of the executive summary of the E&Y Report) in relation to the acquisition of Multi Skies Nusantra Limited and its subsidiaries on 1 April 2010.

By Order of the Board
Next-Generation Satellite Communications Limited

Andrew Coulton
Chairman and Executive Director

31 October 2014