BAKER TILLY
HONG KONG | 天職香港

Independent auditor's report to the sole shareholder of Star Light Telemedia DC Limited

(Incorporated in Hong Kong with limited liability)

We were engaged to audit the financial statements of Star Light Telemedia DC Limited (the "Company") set out on pages 6 to 23, which comprise the statement of financial position as at 31 March 2013 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Except for the inability to obtain sufficient appropriate audit evidence as explained below, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. However, because of the matters described in the basis for disclaimer of opinion section we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

(1) Opening balances and comparative figures

The financial statements for the period from 8 September 2010 (date of incorporation) to 31 March 2012 were audited by another independent auditor whose report dated 23 July 2013 expressed a disclaimer of opinion on those financial statements. The basis for disclaimer of opinion on the financial statements for the period from 8 September 2010 (date of incorporation) to 31 March 2012 is disclosed in note 19 to the financial statements.

Basis for disclaimer of opinion (continued)

(1) Opening balances and comparative figures (continued)

Against this background, we were not able to satisfy ourselves as to whether the net deficit of the Company as at 1 April 2012 were free from material misstatement. Any adjustments to the opening net deficit of the Company as at 1 April 2012 would affect the Company's loss and cash flows for the year ended 31 March 2013 and the related disclosures in the financial statements. In addition, the comparative figures shown in the financial statements for the year ended 31 March 2013 may not be comparable with the figures for the current year.

(2) Other receivable

As further detailed in note 10 to the financial statements, other receivable represented the balance due from Niaga Finance Company Limited ("Niaga") of USD2,200,000 as at 31 March 2013. We were not able to obtain independent confirmation on the balance due to the Company from Niaga as at 31 March 2013 or to satisfy ourselves concerning the existence of the outstanding balance by alternative means.

Subsequent to 31 March 2013, other receivable of USD2,200,000 was wholly transferred to the Company's ultimate holding company, Next-Generation Satellite Communications Limited ("Next-Generation"), as part of the settlement arrangements with Niaga. The auditor of Next-Generation expressed a disclaimer of opinion in the report dated 9 October 2015 on the consolidated financial statements of Next-Generation for the year ended 31 March 2013 and was also unable to conclude as to the appropriateness of the use of going concern assumption in the preparation of those consolidated financial statements. Consequently, we were not able to ascertain the ultimate recoverability of other receivable of USD2,200,000.

(3) Going concern

The Company had net current liabilities and net liabilities of USD3,010,617 as at 31 March 2013. This condition indicates a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors consider that going concern basis of preparation of the financial statements is valid as Next-Generation will provide sufficient financial support as is necessary to enable the Company to meet its liabilities as and when they fall due and to enable the Company to continue its operations as a going concern for at least the next twelve months.

Basis for disclaimer of opinion (continued)

(3) Going concern (continued)

The auditor of Next-Generation expressed a disclaimer of opinion in the report dated 9 October 2015 on the consolidated financial statements of Next-Generation for the year ended 31 March 2013 and was also unable to conclude as to the appropriateness of the use of going concern assumption in the preparation of those consolidated financial statements. In the absence of any information from the Company as to the assessment of Next-Generation's capability to provide such financial support, we were unable to carry out audit procedures necessary to satisfy ourselves as to whether sufficient financial support is available from Next-Generation. If the financial support is not forthcoming, the Company may cease to operate and the going concern basis would then be inappropriate. In these circumstances, adjustments might be required to write down assets to their realisable amounts, to reclassify non-current assets as current assets and to provide for any additional liabilities that might crystallise on cessation of business.

Disclaimer of opinion

Because of the significance of the matters described in the basis for disclaimer of opinion section, we do not express an opinion on the financial statements and as to whether the financial statements have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Report on matters under sections 141(4) and 141(6) of the Hong Kong Companies Ordinance

In respect alone of the inability to obtain sufficient appropriate audit evidence about the matters as set out in basis for disclaimer of opinion section:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and

- we were unable to determine whether proper books of account had been kept.

Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong, 26 JAN 2016

Chan Kwan Ho, Edmond

Practising certificate number P02092