

Next-Generation Satellite Communications Limited

Final Report of Factual Investigation into
Matters Pertaining to the Acquisition of Multi
Skies Nusantara Limited and its Subsidiaries

Strictly Private & Confidential

7 December 2017

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List of Abbreviations

The following abbreviations are used in this report:

Abbreviations	Description
ATM	Automatic teller machine
Ban Joo	Ban Joo & Company Limited, former name of Next-Generation Satellite Communication Limited
Bright Reach	Bright Reach International Limited
BVI	British Virgin Islands
EGM	Extraordinary shareholders meeting
EY Advisory	Ernst & Young Advisory Pte. Ltd.
Hady	Mr. Hady Hartanto, a shareholder and director of TPG (the ultimate holding company of NGSC). He was also a former Executive Director of NGSC
Hans	Mr. Hans Purnajo, President Director of PT KAMU, PT MSN
Michael Tan	Mr. Michael Tan Jooi Boon, former Executive Director, Finance of NGSC
MSN Group	MSN HK and its subsidiaries
MSN HK	Multi Skies Nusantra Limited (formerly known as Ultra Impact Limited)
NGSC	Next-Generation Satellite Communication Limited
Niaga Finance	Niaga Finance Co. Ltd.
Pei Yean	Ms. Teoh Pei Yean, former Financial Controller of NGSC
Ptjin	Ms. Sri Tjintawati Hartanto, Director of NGSC
PT KAMU	PT Karunia Anugerah Mitra Utama
PT MSN	PT Multi Skies Nusantara
PT PGAS	PT PGAS Telekomunikasi Nusantara
PT TPI	PT Telemedia Pacific Indonesia
S&P	Sale and purchase agreement
SEML	Super Electric Motor Limited
Spectrum	Spectrum Value Partners
Steve	Mr. Steve Iwan, Director of PT KAMU
Supriadi	Mr. Supriadi, the purported current director and shareholder of Bright Reach
The Exchange or SGX	Singapore Exchange Limited
TPC	Telemedia Pacific Communications Pte. Ltd.
TPG	Telemedia Pacific Group Limited
TPI	Telemedia Pacific Incorporation Limited
USO	Universal service obligations
Wye Man	Ms. Tan Wye Man, former director of Bright Reach and MSN HK

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Introduction and Background

1. Introduction and Background

1.1 Introduction

1.1.1 Telemedia Pacific Communications Pte. Ltd. ("TPC") is a wholly owned subsidiary of Next Generation Satellite Communications Limited ("NGSC" or the "Company"). TPC entered into a sale and purchase agreement with a vendor Bright Reach International Limited ("Bright Reach") on 1 April 2010 to acquire Multi Skies Nusantra Limited ("MSN HK") and its subsidiaries (hereinafter collectively known as "MSN Group") at a cash consideration of US\$21.8 million (the "Acquisition").

1.1.2 Subsequent to the Acquisition, concerns were raised by Mr. Hans Purnajo ("Hans") and Mr. Steve Iwan ("Steve"), former shareholders of PT Karunia Anugerah Mitra Utama ("PT KAMU") (a subsidiary of MSN HK which formed part of MSN Group subject to the Acquisition) to the Singapore Exchange Limited ("the Exchange" or "SGX") that Bright Reach did not fulfil their payment obligations to Hans and Steve prior to MSN Group being acquired by NGSC.

1.1.3 We further understand from the Audit Committee ("AC") of NGSC that receipts from debtors of PT Multi Skies Nusantara Limited ("PT MSN") were allegedly diverted and payments were made to questionable parties.

1.2 Our appointment

1.2.1 On 1 October 2014, the AC of NGSC appointed Ernst & Young Advisory Pte. Ltd. ("EY Advisory") to assist the Company to factually assess (i) the matters pertaining to the Acquisition; and (ii) receipts/ payments to/ from MSN Group¹ (hereinafter collectively referred to as the "Matters").

1.2.2 Prior to this engagement, EY Advisory was also appointed by the AC on 25 July 2012 to assist NGSC to conduct an investigation into matters surrounding the funds placed by NGSC Group with a Hong Kong-based finance company, namely Niaga Finance Co. Ltd. ("Niaga Finance"). The findings of our investigation can be found in the

¹ This scope was included arising from paragraph 1.1.3.

announcement made by NGSC on 31 October 2014 ("EY Report 1"). As certain findings contained in EY Report 1 are relevant to the current scope of work, we will draw reference to the relevant sections of EY Report 1 in this report.

1.3 Scope of our work

1.3.1 Based on the terms set out in our letter of engagement dated 1 October 2014, our scope of work in relation to the Matters is set out below:

- (i) Obtain all documents in relation to the Acquisition and all relevant share transfers. This will include but not limited to the sale and purchase agreements, payment documents, board resolutions, board meeting minutes etc.;
- (ii) Gain an understanding from the relevant personnel on matters pertaining to the Acquisition, including the process and procedures in relation to the flow of funds in connection with the Acquisition;
- (iii) Based on the above procedures, prepare a timeline in relation to the Acquisition and identify any questionable steps and/or transactions involved in connection with the Acquisition and relevant share transfers. In addition, establish whether NGSC's acquisition of the MSN Group was in substance any way of interested person transaction(s) under the SGX Listing Manual;
- (iv) Perform data analytics on the financial records of MSN Group to identify questionable receipt/payments to/from its creditors and debtors. Example of questionable receipts/payments could be in the form of frequency of payments, significance of amount, connections amongst creditors/debtors, etc.;
- (v) Assess all supporting documents in relation to the questionable receipts/payments to/from MSN Group. The supporting documents may include but not limited to contracts, purchase orders, delivery orders, invoices, receipt acknowledgements, payment vouchers, remittance advices, bank statements, etc.;
- (vi) Based on the result of procedure (v) above, assess the need to perform background checks on questionable receipts/payments to/from MSN Group. The objective of the background search is to identify the parties from/to whom

such questionable receipts/payments were made, identify receipts/payments, if any, that were made from/to related parties (including any director or controlling shareholder of NGSC), prepare relationship mapping, if necessary, establish whether internal control weaknesses lead to unauthorized payments, if any, and establish whether there was any breach of the interested person transaction rules under the SGX Listing Manual; and

- (vii) Perform interviews with the relevant parties in relation to the findings and/or observations noted during the course of the work.

1.4 Methodology and approach

1.4.1 We conducted the following work, as described in the Statement of Work or as agreed with NGSC, in the course of our review:

- (a) Held interviews and/or discussions with the following individuals ("Relevant Personnel"):
 - (i) Mr. Steve Iwan ("Steve"), Director and former shareholder of PT KAMU
 - (ii) Mr. Hans Purnajo ("Hans"), President Director and former shareholder of PT KAMU
 - (iii) Ms. Jenywati, a former employee of PT MSN and PT KAMU. She was made a director of PT MSN on 7 October 2014
 - (iv) Ms. Sri Tjintawati Hartanto, an Executive Director of NGSC during the Acquisition. She is the sister of Hady Hartanto (see paragraph 1.4.1(b))
 - (v) Mr. Michael Tan Jooi Boon ("Michael Tan"), a former Executive Director, Finance of NGSC during the Acquisition
 - (vi) Ms. Teoh Pei Yean ("Pei Yean"), a former Financial Controller of NGSC during the Acquisition
- (b) Due to several unsuccessful attempts at meeting Mr. Hady Hartanto ("Hady"), a former Executive Director of NGSC who was involved in the Acquisition, we had on 7 September 2015 sent a list of questions to Hady via email ("First Questionnaire"). Through his legal counsel, we received a response to the First

Questionnaire on 8 October 2015. As further clarifications in relation to the same were required, we requested to meet with Hady but our request to meet was again declined. Instead, we emailed our clarification questions to his legal counsel on 10 December 2015 ("Second Questionnaire"). As at the date of this report, we have not received any response to the Second Questionnaire.

- (c) Contacted Ms. Tan Wye Man ("Wye Man"), who was a former director of MSN HK and Bright Reach at the time of the Acquisition, to obtain further insights into the Acquisition.
- (d) Assessed the available accounting records and supporting documents of PT MSN and PT KAMU.
- (e) Performed background searches on relevant companies and individuals with the view of identifying information available on public domain.
- (f) Assessed all relevant documents in connection with the Acquisition including speaking to PT MSN and PT KAMU lawyers in Jakarta, Indonesia assisting Hans and Steve in a legal suit against NGSC, to understand the chronological events surrounding the Acquisition.

1.4.2 Where applicable, the relevant transactions included in this report are converted from Indonesian Rupiah ("Rp.") to the United States Dollars ("US\$") for comparative purposes. It is noted that the exchange rate² between Rp. and US\$ fluctuated between Rp.8,500 per US\$ and Rp.12,000 per US\$ during the Relevant Period. For simplicity, we have converted all relevant transactions denominated in Rp. at the exchange rate of Rp.10,000 per US\$.

1.5 General limiting conditions and constraints

- 1.5.1 Our report has been prepared on the basis of management information, financial data and documentation prepared by NGSC relevant to our scope of work, as well as interviews and/or discussions conducted with relevant persons.
- 1.5.2 The findings in this report are based on facts obtained from the interviews and/or discussions as well as review of documents that were provided to us.

² Website of XE (<http://www.xe.com/currencycharts/?from=USD&to=IDR&view=10Y>)

- 1.5.3 The procedures that we have performed in arriving at the findings in this report do not constitute an audit or a review made in accordance with the Singapore Standards of Auditing or Singapore Standards on Review Engagements or anywhere else; accordingly, no assurance will be expressed in this regard.
- 1.5.4 The scope of work set out in this report does not amount to an internal audit and shall not be relied upon as the primary basis for assessing the adequacy of the system of internal controls.
- 1.5.5 Unless expressly stated, the information contained in this report has not been subject to detailed verification procedures and no document expert has been engaged to independently verify the authenticity of the documents provided to us. No representation is made by EY Advisory as to the accuracy or completeness of such information and nothing contained in this report is or shall be construed as a representation of the future.
- 1.5.6 All assumptions made for the purpose of this engagement are based on information and representations provided by NGSC and persons in connection with our work. We do not give any representation, warranty, indemnity or undertaking expressly or impliedly as to the accuracy or completeness of such information provided to and used by us in our assignment.
- 1.5.7 We wish to highlight that the people we interviewed were not under oath. Hence, certain judgment would need to be exercised as to the reliability of the views and recollections of those interviewed and/or discussed.
- 1.5.8 Any report issued by EY Advisory or excerpts should not be used by NGSC for any purpose other than that stated in our letter of engagement without our prior written consent. In the event that we provide written approval to NGSC to use any of our reports for purposes other than that stated in our letter of engagement, we will need to approve the form and context of such a report to be released. In addition, we require an appropriate indemnity from NGSC absolving EY Advisory from any liability or consequence arising from the release of such report for purposes other than that specified above.
- 1.5.9 Neither the whole nor part of our report, nor any reference thereto, may be circulated nor published in any way whatsoever, nor used for any other purpose than that specified in the report without our prior written consent pertaining to the form and

context in which it appears. Except if requested by SGX to furnish the report to the relevant authority and/or regulatory board, this report should not be used by and/or disclosed to third parties, without the express consent of EY Advisory. No reliance should be placed by third parties on the report for any purposes whatsoever and EY Advisory shall not be responsible to third parties who have acted on the information contained therein.

- 1.5.10 No reliance should be placed on preliminary draft and/or draft reports issued by us for discussion purposes and EY Advisory shall not be responsible to any parties who have placed reliance on such preliminary draft and/or draft reports.

1.6 Specific limiting conditions and constraints

- 1.6.1 We were unable to compel the attendance of certain individuals to provide information relevant to our work. As a result, we could not conduct face to face interviews with:

- (a) Wye Man, who was the director of MSN HK and Bright Reach at the time of the Acquisition

Wye Man is considered critical to the Matters as she signed the sales and purchase agreement dated 1 April 2010 on behalf of Bright Reach as well as share transfer documents in relation to the sale of MSN HK to TPC dated 26 May 2010. However, she declined our invitation for an interview, citing that she was no longer a director of Bright Reach and was only acting as a “dummy director” for Hady, who is her personal friend.

- (b) Hady, who was the ultimate controlling shareholder of Telemedia Pacific Group Limited (“TPG”)³ as well as NGSC. He was also a former Executive Director of NGSC at the time of the Acquisition

We had on several occasions between June and August 2015 arranged to meet with Hady to obtain an account of his knowledge and involvements in the Acquisition. Our attempts in meeting him were futile as he did not turn up on all the meeting dates that were agreed and set. Instead, we had on 7 September 2015 sent the First Questionnaire to Hady. Through his legal counsel, we

³ TPG is the ultimate holding company of NGSC

received a response to the First Questionnaire on 8 October 2015. As further clarifications in relation to the same were required, we requested to meet with Hady but our request to meet was again, declined on 14 October 2015. As such, we emailed the Second Questionnaire to his legal counsel on 10 December 2015. As at the date of this report, we have not received any response to the Second Questionnaire.

On 3 August 2016, Hady's legal counsels wrote back and made reference to a judgment issued by the Indonesian Courts⁴ in respect of the a lawsuit filed by former shareholders of PT KAMU, a subsidiary of MSN HK which formed part of MSN Group subject to the Acquisition, and stated that:

"... the Court had found, inter alia, that (i) NGSC's acquisition of MSN Limited, as well as MSN Limited's subsequent acquisition of the shares in PT Karunia Anugerah Mitra Utama, were proper and conducted in accordance with Indonesian law; and (ii) there were no outstanding payments owed to Hans and Steve in respect of the transactions with MSN Limited. It follows that there is little reason for our client's involvement in the relevant transactions to be further questioned and/or scrutinized".

(c) Mr. Supriadi ("Supriadi"), the purported director and shareholder of Bright Reach after Acquisition

In the course of our document review, we came across an email sent by Ms. Patty Chan (former personal assistant to Hady) to a certain Shereen Tan on 6 September 2011 that an individual by the name of Supriadi was the shareholder and director of Bright Reach. The date of his appointment as shareholder and director was unknown to us. We understand from our interviews with Hans and Steve that Supriadi is a family friend of Hady and attended the same school as Hady. However, we were unable to reach out to Supriadi as we could not get hold of his contact details.

1.6.2 The financial documents of PT MSN (a wholly owned subsidiary of PT KAMU) made available to us were incomplete. We understand that the Indonesian Police had retained original copies of all PT MSN's books and records including recordings from surveillance cameras prior to our field work (see paragraph 2.1.22). As a result, we

⁴ A lawsuit filed by Mr. Hans Punarjo and Mr. Steve Iwan (former shareholders of PT KAMU) against NGSC and other defendants

were only provided with photocopied records of PT MSN and in most instances, the underlying supporting documents were incomplete and/ or illegible.

- 1.6.3 During the course of our work, we had, to the extent possible, relied on photocopied bank statements to assess receipts/ payments and did not perform data analytics on the transactions as records were manual. Certain pages of the bank statements were unclear and we were unable to read the transactions on such pages.
- 1.6.4 Bright Reach is a company incorporated in the British Virgin Islands ("BVI"). As such, we could not obtain any information in relation to the company including information on its shareholders and directors.
- 1.6.5 We did not perform any computer forensic procedures. Should we have done so, certain emails and documents relevant to our work may come to light which may or may not have an impact to this report.

1.7 Background

- 1.7.1 NGSC is a limited liability company incorporated in Singapore and is listed on the Main Board of SGX since April 2000. The Company's principal activity was that of investment holding while its subsidiaries (herein collectively referred to as "NGSC Group") were involved in the provision of satellite-based services to a variety of industries including telecommunications services in rural areas of Indonesia. We understand that NGSC was previously known as Ban Joo & Company Limited ("Ban Joo") until 14 January 2011⁵. Ban Joo was involved in the textile business prior to diversifying into telecommunications services and infrastructure.
- 1.7.2 TPG, a company incorporated in BVI, completed the acquisition of new ordinary shares and warrants issued by the Company in January 2009. As a result, TPG became the controlling shareholder and ultimate holding company of NGSC as it owned approximately 50.72% of the enlarged issued share capital of the Company.
- 1.7.3 On 1 April 2010, NGSC announced on SGXNet that its wholly owned subsidiary, TPC had on the same date entered into a conditional sale and purchase agreement ("S&P") to acquire the entire issued and paid-up share capital of MSN HK from Bright Reach

⁵ Ban Joo changed its name to NGSC pursuant to shareholders' approval at an Extraordinary General Meeting dated 14 January 2011.

(including its wholly owned subsidiary PT KAMU which in turn held the entire issued share capital of PT MSN) at a cash consideration of up to US\$21.8 million.

- 1.7.4 The cash consideration comprised an initial consideration of US\$7.8 million and a further consideration of US\$14.0 million upon final acceptance issued by PT Telkomsel⁶, the customer of PT MSN, for the completed universal service obligations ("USO") sites.
- 1.7.5 Bright Reach, the vendor of the S&P, is a company incorporated in the BVI and was the sole shareholder of MSN HK before the Acquisition. The director of Bright Reach at the time of the Acquisition was Wye Man.
- 1.7.6 Our period of review is from April 2010⁷ to October 2014⁸ (the "Relevant Period").

1.8 The Sale and Purchase of MSN Group

- 1.8.1 The key timeline on the events related to the Acquisition is illustrated below:

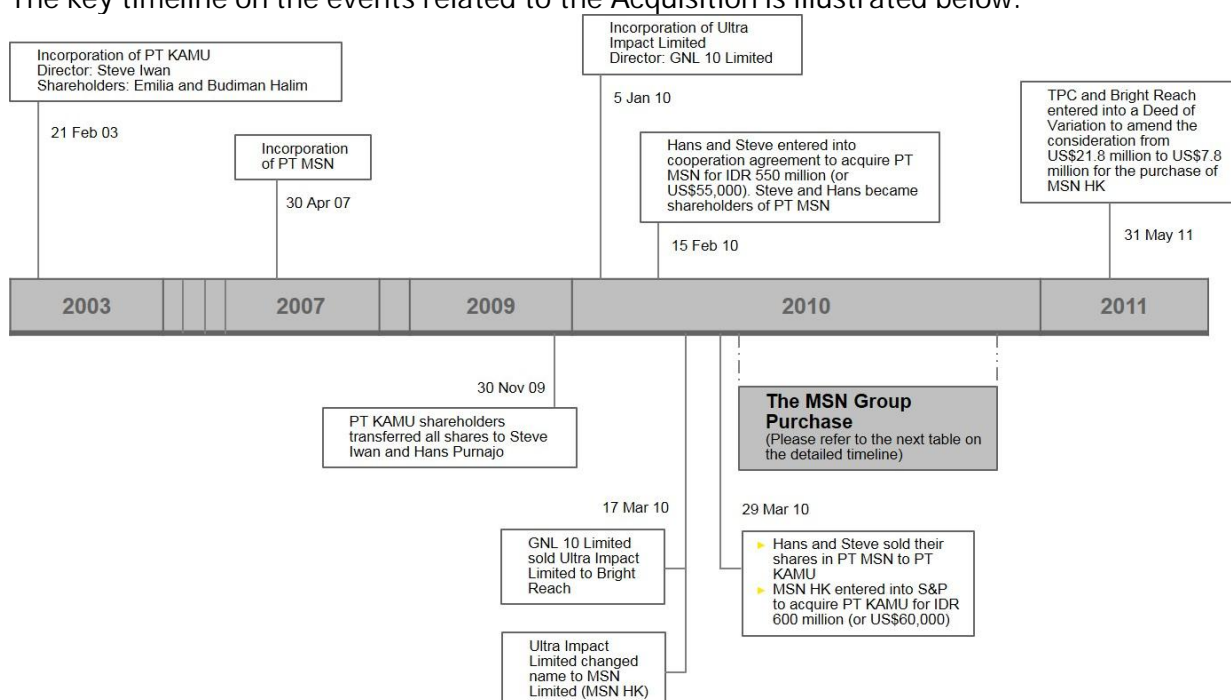


Figure 1: Timeline between 2003 and 2011

⁶ PT MSN and/or its partners had been contracted by PT Telkomsel to build 4,700 USO sites. According to the announcement dated 1 April 2010, NGSC's investment into MSN Group was expected to bring about a stable, recurring income stream for NGSC and diversify from its textile business at that time.

⁷ The date of the conditional sale and purchase agreement between TPC and Bright Reach

⁸ The date where EY Advisory Pte. Ltd was appointed by the Audit Committee to perform a factual assessment on (i) the matters pertaining to the acquisition of MSN Group; and (ii) receipts and payments to/from MSN Group

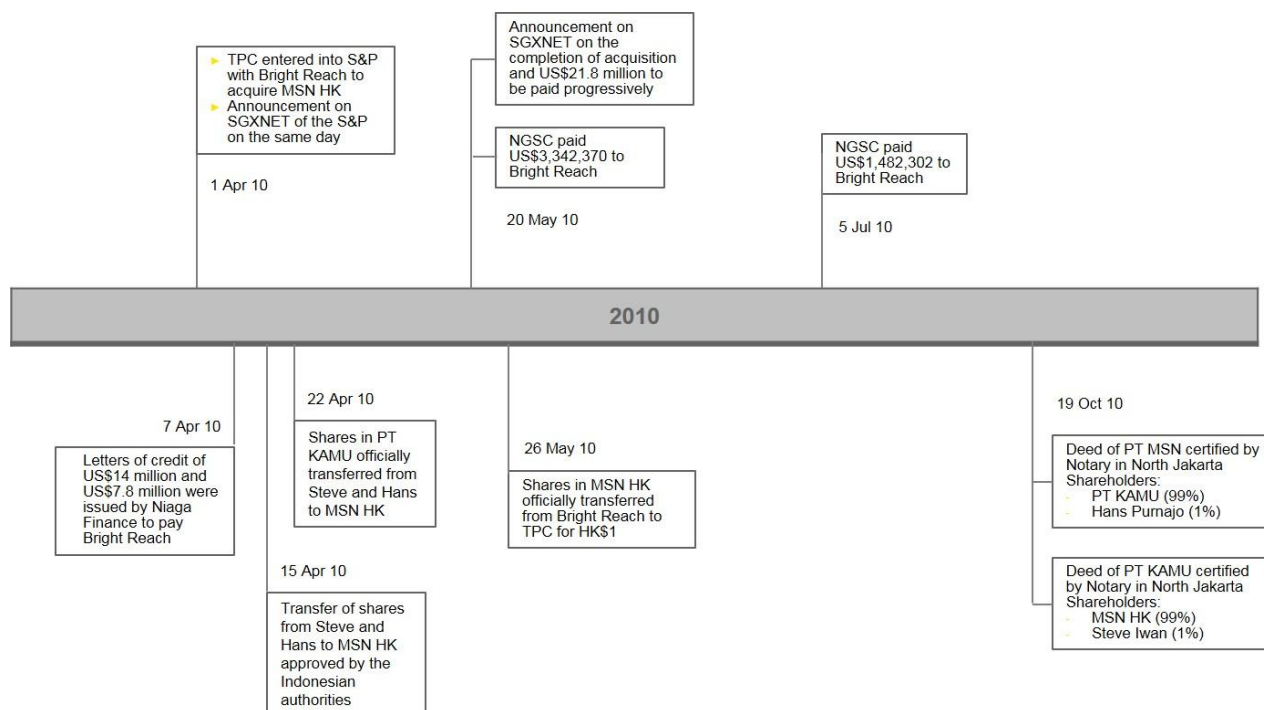


Figure 2: Timeline during 2010

1.8.2 The following diagram depicts the chronology of the sale and purchase of the MSN Group between 15 February 2010 and 1 April 2010:

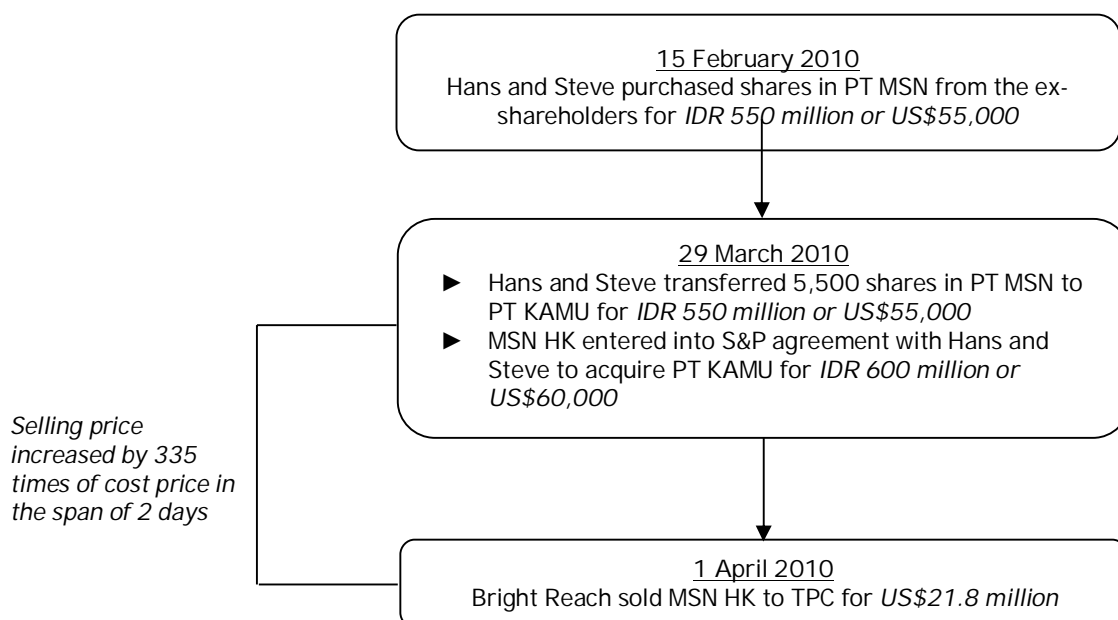


Figure 3: Chronology of the sale and purchase of MSN Group

- 1.8.3 On 15 February 2010, Hans and Steve purchased shares in PT MSN from the previous shareholders for IDR 550 million or US\$55,000.
- 1.8.4 Shortly after on 29 March 2010, Hans and Steve transferred their shares in PT MSN to PT KAMU and subsequently, sold their shares in PT KAMU to MSN HK for IDR 600 million or US\$60,000. The gain in disposal of their shares in PT KAMU to MSN HK would be IDR 50 million or US\$5,000.
- 1.8.5 On 1 April 2010, two days after MSN HK acquired PT KAMU, Bright Reach entered into S&P with TPC to sell MSN HK for US\$21.8 million. The price at which TPC purchased MSN HK was 335 times the amount which MSN HK had purchased PT KAMU from Hans and Steve.
- 1.8.6 Based on the share transfer documents made available to us by the Company, we further noted that Bright Reach had on 26 May 2010 transferred 1 share in MSN HK to TPC at a total consideration of HK\$1.
- 1.8.7 On 31 May 2011, NGSC entered into a Deed of Variation to reflect the change in purchase consideration for the Acquisition from US\$21.8 million to US\$7.8 million⁹. We understand that the reduction in purchase consideration was because PT MSN was only able to deliver 1,143 USO-ready sites.
- 1.8.8 As at 31 March 2014, NGSC had paid Bright Reach US\$4,824,672. The balance of US\$2,975,328 vis-à-vis the reduced purchase consideration of US\$7.8 million remained payable to Bright Reach as at 31 March 2014. We noted from the notes to NGSC's Annual Report for the year ended 31 March 2014 that NGSC was "*seeking a waiver*" of approximately US\$3.0 million from Bright Reach as a total of 371 USO sites (out of the 1,143 USO sites) had not been delivered.

1.9 Resume of Jakarta District Court Verdict

⁹ The Deed of Variation dated 31 May 2011 changed clause 3.3 of the S&P to reflect that NGSC may, at its sole and absolute discretion, the option to pay Bright Reach the amount of US\$14.0 million out of the initial purchase consideration of US\$21.8 million

- 1.9.1 We understand that Hans and Steve took an action against PT KAMU, MSN HK, TPC, Bright Reach and NGSC for the alleged non-payment of the Acquisition's proceeds and the associated losses as a result of this non-payment.
- 1.9.2 In the midst of finalising this report, we were advised by the legal advisors of Hady that a judgment "*Resume Putusan Pengalilan Negeri Jakarta Case Number: 269/PDT.G/2014/PN.JKT.PST*" dated 10 November 2015 ("Indonesian Judgment") was issued.
- 1.9.3 This translated Indonesian Judgement states the following:
- (a) NGSC's acquisition of MSN HK, as well as MSN HK's acquisition of the shares in PT KAMU were in accordance with Indonesian law; and
 - (b) There were no outstanding payments owed to Hans and Steve in respect of the transactions with MSN Limited.
- 1.9.4 We append the Indonesian Judgement as Appendix 1.

Executive Summary

2. Executive Summary

This Executive Summary should be read in context of the entire report and appendices. It does not stand alone, but rather provides a summary of the findings in the remainder of this report.

2.1 Summary of our key findings and observations relating to the Acquisition

A. Inaccurate Company's announcement dated 1 April 2010

- 2.1.1 Based on the timeline of the Acquisition in paragraph 1.8.1 Figure 2, it appears that the Company's announcement on 1 April 2010 is inaccurate as PT KAMU was not a subsidiary of MSN HK as at the date of the S&P between TPC and Bright Reach i.e. 1 April 2010. This is because the transfer of shares held by the former shareholders of PT KAMU, Hans and Steve, to MSN HK was subject to the approval of the Indonesia authorities which was only obtained on 15 April 2010. We understand that Part IX – Content and Preparation of Public Announcement of the Exchange's Corporate Disclosure Policy requires each announcement to be factual, clear and succinct.
- 2.1.2 We further noted from the announcement dated 1 April 2010 that the purchase consideration for the Acquisition of US\$21.8 million was *"arrived at after arm's length negotiations between TPC and the Vendor (i.e. Bright Reach), on a willing-buyer, willing-seller basis, taking into account, inter alia, the valuation of the Business by Spectrum Value Partners ("Spectrum") and future prospects of the Business¹⁰. Spectrum had arrived at a valuation of US\$23.2 million (approximately S\$32.5 million in respect of the business"*.
- 2.1.3 The above announcement was also inconsistent with the copy of Spectrum's valuation report issued in March 2010 and made available to us by the management of NGSC. We noted that Spectrum had assessed PT MSN's *"enterprise value¹¹"* at US\$21.8 million instead of US\$23.2 million as stated in the announcement dated 1 April 2010.

¹⁰ The "Business" was defined in the announcement dated 1 April 2010 as PT MSN's business of building, operating and leasing base station controllers for USO sites to enable the roll out of telecommunication services in the remote areas in Indonesia.

¹¹ "Enterprise Value" is calculated as the market capitalization plus debt, minority interest and preferred shares, minus total cash and cash equivalents. (Source: Investopedia <http://www.investopedia.com/terms/e/enterprisevalue.asp>)

2.1.4 We did not manage to obtain a confirmation on the final valuation amount as well as the methodology used in the valuation as we understand that the relevant personnel involved in performing the valuation had since left Spectrum.

B. Possible connections between Bright Reach and Hady

2.1.5 We noted certain possible connections between Bright Reach and Hady:

- (i) Bright Reach shared the same registered address as TPG and Telemedia Pacific Incorporation Limited ("TPI") PO Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. Hady was the controlling shareholder and sole director of TPG and sole director of TPI at the time of the Acquisition;
- (ii) The address of NGSC as stated on its instruction letters to Niaga Finance Company¹² ("Niaga Finance") (see paragraph 2.1.14 in relation to Niaga Finance), was stated as *"Rm 803, Jubilee Centre, No 42 Gloucester Road, Wanchai, Hong Kong"*; and
- (iii) Based on searches with the Hong Kong Companies Registry, we noted that MSN HK's address as well as Wye Man's residential address (at the time when Wye Man was appointed as a director of MSN HK on 1 March 2010) were listed as *"Rm 803, Jubilee Centre, 46 Gloucester Road, Hong Kong"*.¹³ The address was also the same registered address as Super Electric Motor Limited ("SEML")¹⁴ where Hady was a director and shareholder during the same time.

2.1.6 From available documents, we noted that Wye Man was a director of Bright Reach and MSN HK at the material time of the Acquisition as she signed off on behalf of Bright Reach in (i) the S&P between TPC and Bright Reach dated 1 April 2010; and (ii) share transfer documents in relation to the sale of MSN HK to TPC dated 26 May 2010.

2.1.7 We understand from Wye Man that she did not know much of the transactions and the companies involved in the Acquisition. She was *"helping"* Hady as a friend and acted as a *"dummy director"*. She further informed us that she did not receive any money from acting as a *"dummy director"* of Bright Reach.

¹² A Hong Kong based finance company which is not a licensed and/ or regulated by the Hong Kong Monetary Authority. Instead, Niaga Finance is a money lender, licensed and regulated under the Hong Kong Money Lenders Ordinance.

¹³ Based on open source searches, the address for Jubilee Centre is No. 42 – 46 Gloucester Road, Wanchai, Hong Kong. It appears that the address of NGSC (as indicated on its instruction letter to Niaga Finance) is the same as Wye Man's residential address and SEML's address.

¹⁴ Based on SEML's Annual Returns dated 24 June 2009 and 24 June 2010 submitted to the Hong Kong Companies Registry.

2.1.8 After Wye Man ceased to be the director of Bright Reach (date of cessation unknown), an individual by the name of Supriadi (refer to paragraph 1.6.1(c)) purportedly became the director and shareholder of Bright Reach (date of appointment unknown). We understand from our interviews with Hans and Steve that Wye Man was a friend of Hady and Supriadi was a close friend and school mate of Hady.

2.1.9 Based on the observations mentioned in the preceding paragraphs, we set out below a diagram illustrating the potential relationship(s) between Bright Reach and Hady:

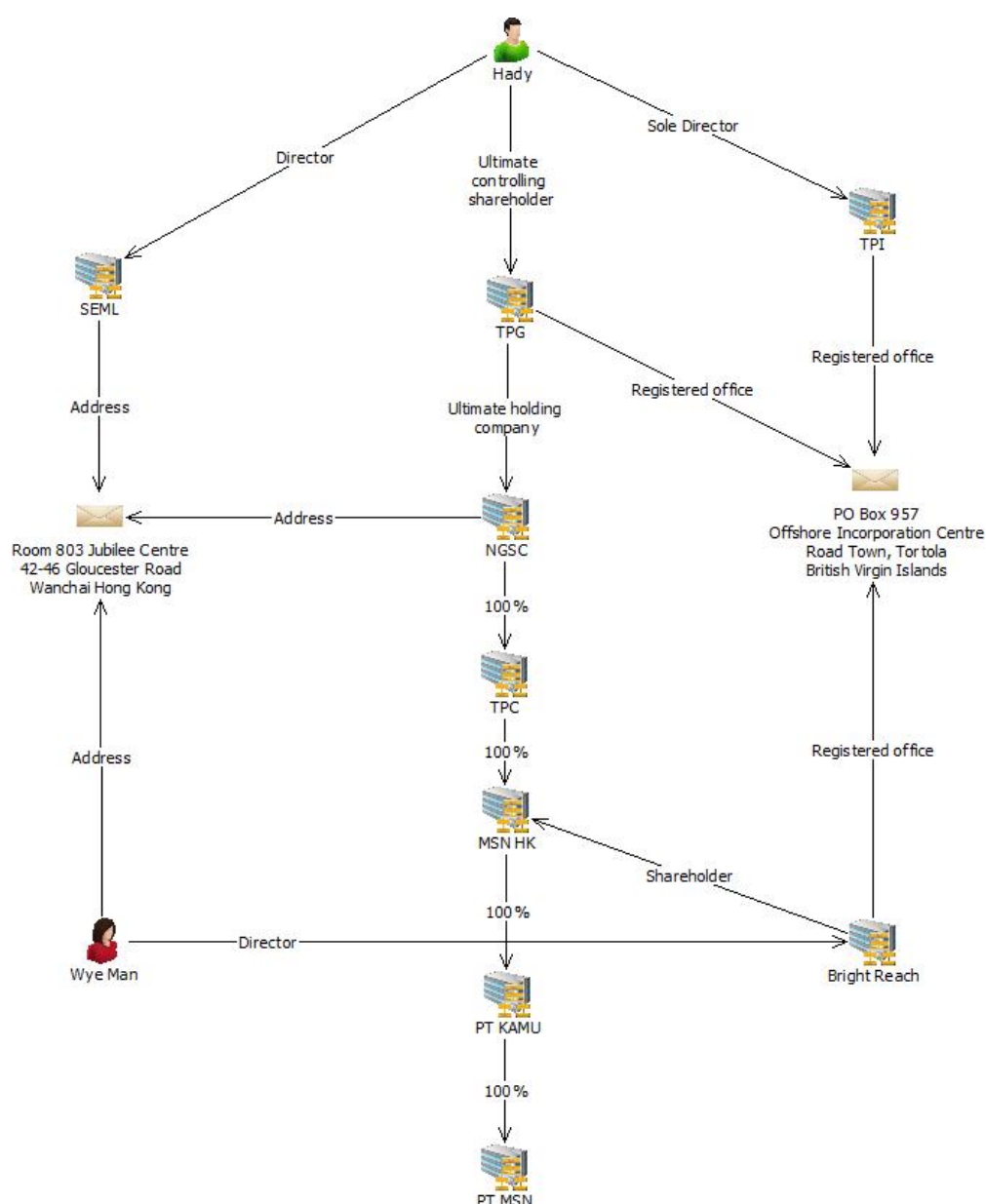


Figure 4: Possible connections between Bright Reach and Hady

C. Possible connections between Hady, Bright Reach and Niaga Finance

- 2.1.10 We noted that the purchase consideration for the Acquisition of US\$21.8 million was provided by NGSC through the issuance of two Letters of Credit ("LCs") by Niaga Finance with Bright Reach¹⁵ as the beneficiary on 7 April 2010. An aggregate amount of S\$33,822,938¹⁶ were deducted from NGSC's account with Niaga Finance as collateral for the LCs on 7 and 9 April 2010.
- 2.1.11 On 24 May 2010 and 15 November 2010, amounts of S\$7,680,938 and S\$26,142,000 (aggregating S\$33,822,938) respectively were deposited into NGSC's account with Niaga Finance. Based on the aggregate amount, it appears that the deposits were connected with the release of cash collaterals for the LCs as set out in the foregoing paragraph.
- 2.1.12 We further noted that NGSC had allegedly paid an aggregate amount of US\$4,824,672 to Bright Reach through its account maintained with Niaga Finance on 20 May 2010 and 5 July 2010. The instruction letters from NGSC to Niaga Finance were approved and signed off by Hady but the account number of Bright Reach was not indicated.
- 2.1.13 We noted that Bright Reach's bank account number with PT Bank CIMB Niaga Tbk¹⁷ in Indonesia was included in the S&P for the purpose of facilitating the transfer of the purchase consideration. We did a check at an automatic teller machine ("ATM") of PT Bank CIMB Niaga Tbk in Indonesia in October 2014 and noted that the bank account holder was Niaga Finance.
- 2.1.14 From the documentations made available to us, we are unable to establish any commercial justification for the inclusion of a bank account belonging to Niaga Finance in the S&P between TPC and Bright Reach as well as any potential relationship between Niaga Finance and Bright Reach. However, it was noted in EY Report 1 that:
- (i) Hady was one of the shareholders of Niaga Finance during the material time of the Acquisition as he held 19.7% in Niaga Finance through Niaga Holding Limited. Both Niaga Finance and Niaga Holding Limited were private companies incorporated in Hong Kong; and

¹⁵ The address of Bright Reach as stated on the LCs was similar to that of PT MSN and PT KAMU address i.e. Super Block Mega Kemayoran, Office Tower A Floor 10, Jl. Angkasa Kav B/6, Kota Baru Bandara Kemayoran

¹⁶ The same aggregate amount of S\$33,822,938 was deposited into NGSC's account with Niaga Finance on 24 May 2010 and 15 November 2010. This total amount appears to be related to the release of cash collaterals for the LCs.

¹⁷ Account number 0640226251001 (US\$ account) with PT Bank CIMB Niaga Tbk in Indonesia

- (ii) Hady stated that Niaga Finance was selected for placement of NGSC's funds because NGSC was under debt restructuring at that point in time (i.e. in 2009). Hence, it was difficult for NGSC to identify a bank that would not compromise the interest of NGSC in view of the debt restructuring. Additionally, Hady mentioned that he was a Director of Niaga Finance at that point in time and that, he would be more comfortable to place NGSC's funds with Niaga Finance.

2.1.15 In the absence of further details relating to the alleged payments of US\$4,824,672 by NGSC through its account with Niaga Finance, we are unable to determine the ultimate beneficiaries/ recipients of the said payments. Similarly, key individuals which included Hady, who were directly involved in the Acquisition, did not provide us with adequate responses and/ or clarification on the relationship which may exists between Niaga Finance and Bright Reach or Hady and Bright Reach.

2.1.16 If Hady and Bright Reach were connected, the question arises as to whether the Acquisition could potentially be viewed as "interested party transaction" which requires NGSC to make an immediate announcement in accordance with Chapter 9 of the SGX's Listing Manual.

D. Incorrect disclosure made in NGSC annual reports from 2011 to 2014

2.1.17 On 20 May 2010, NGSC announced that TPC had completed the Acquisition and as a result, MSN HK became a wholly owned subsidiary of TPC.

2.1.18 Following the completion of the Acquisition, we noted that PT KAMU (as the sole shareholder of PT MSN) signed a Resolution of Shareholders¹⁸ on 20 September 2010 to effect the transfer of 1% of the issued share capital of PT MSN to Hans.

2.1.19 On the same date, we noted that MSN HK (as the sole shareholder of PT KAMU) signed a separate Resolution of Shareholder¹⁹ to effect the transfer of 1% of the issued share capital of PT KAMU to Steve.

2.1.20 Based on information made available to us, we are unable to assess if there was any reason for the transfer of the nominal shares (1%) in PT MSN and PT KAMU to Hans and Steve respectively. However, we understand that on 21 July 2011, Hans signed an undertaking letter to certify that he was undertaking the shares in PT MSN on

¹⁸ Documented in a notarial deed of PT MSN numbered 132 dated 19 October 2010

¹⁹ Based on a notarial deed of PT KAMU numbered 133 dated 19 October 2010

behalf of PT KAMU. On the same day, Steve signed an undertaking letter to certify that he was undertaking the shares in PT KAMU on behalf of MSN HK.

- 2.1.21 We noted that there was no disclosure made by NGSC in respect of such transfers and the Annual Reports of NGSC for the financial years 2011 to 2014 showed that PT MSN and PT KAMU were wholly owned subsidiaries of TPC. We understand from the AC that the above disclosures in the annual reports for the various years had been agreed by the NGSC's statutory auditors.

E. Other observations

- 2.1.22 During the course of our work, we were informed by the Company that sometime in December 2013, an amount of IDR 4.16 billion was transferred from PT MSN to the personal joint account of Hans and Steve without knowledge of NGSC/ MSN HK²⁰ and without a valid business purpose. Arising from this transfer, NGSC filed a police report (dated 13 May 2014) in Indonesia.
- 2.1.23 Hans and Steve acknowledged that money was indeed transferred from PT MSN to their personal joint time deposit account in an Indonesian bank. According to Hans, this transfer of IDR 4.16 billion to their joint account was due to payments that were made by PT Telemedia Pacific Indonesia ("PT TPI") (a company owned by Hans and Steve). These payments were made on behalf of PT MSN in 2010 for its commitments when PT MSN had insufficient funds to pay its vendors. We also understand from Hans that as the said amount was not returned to PT TPI despite several reminders to NGSC, Hans and Steve made the transfer to their personal joint time deposit account in 2013 when PT MSN had funds in its bank account. Hans represented that the money had since been transferred from their account to PT TPI.
- 2.1.24 Despite what was represented to us during the course of our fieldwork, we have not been able to verify the said payments that were made by PT TPI in 2010 on behalf of PT MSN.
- 2.1.25 As part of our scope of work, we assessed payments and receipts of PT MSN and PT KAMU that were made available to us. During the course of our work, we noted the following interesting fund flows but did not appear to be related to the Acquisition:

²⁰ Parent company of PT KAMU and PT MSN

- (i) Funds transferred out from PT MSN were transferred back to PT MSN on the same day

2.1.26 On 28 March 2013, IDR 421,611,931 was transferred from PT MSN to PT KAMU; IDR 420,075,000 was transferred from PT KAMU to PT TPI; and IDR 413,158,961 was transferred from PT TPI to PT MSN. The fund transfers are diagrammatically illustrated below:

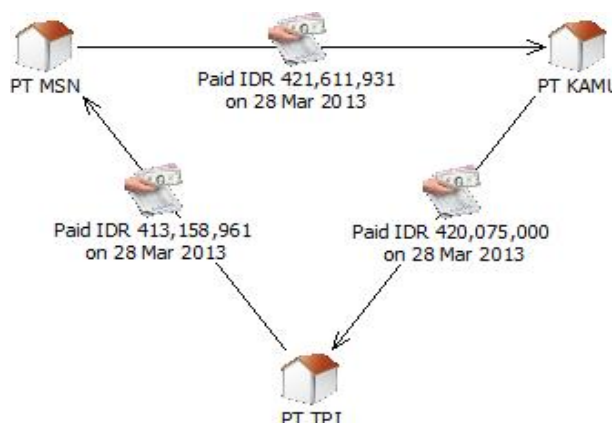


Figure 5: Fund transfers among PT MSN, PT KAMU and PT TPI

2.1.27 We understand that the above fund transfers were for the purpose of settling intercompany balances among PT MSN, PT KAMU and PT TPI. The instruction to do so was provided by Pei Yean to Hans via email on 1 February 2013.

2.1.28 We understand that such transfers were requested by the statutory auditors for the audit of the financial year ended 31 March 2013 to reflect the recoverability of the receivables in the respective books of PT MSN, PT KAMU and PT TPI.

- (ii) NGSC (previously known as Ban Joo²¹) made payment of US\$1 million to a vendor via PT KAMU and PT TPI

2.1.29 We noted that on 2 November 2010, a transfer of US\$1,110,165 was made by NGSC to PT KAMU. The transfer was approved by Pei Yean and Hady. On 4 November 2010, PT KAMU transferred US\$1,110,000 to PT TPI (we further noted that PT KAMU and PT MSN shared the same service office address as PT TPI).

²¹ As mentioned at paragraph 1.7.1, NGSC was previously known as Ban Joo & Company Limited until 14 January 2011.

- 2.1.30 On the same day, US\$1,000,000 was paid out by PT TPI to a vendor namely PT PGAS Telekomunikasi Nusantara ("PT PGAS") for the provision of telecommunication network capacity. The fund transfers are diagrammatically illustrated below:



Figure 6: Payment to PT PGAS

- 2.1.31 We sought clarification from NGSC on the reason for the above fund transfers instead of a direct payment from NGSC to PT PGAS but could not get a satisfactory explanation.

End of Executive Summary

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