

**PROPOSED ACQUISITION OF 45% OF THE EQUITY INTEREST IN CHINA SATELLITE
MOBILE COMMUNICATIONS GROUP LIMITED BY ARMARDA GROUP LIMITED**

1. INTRODUCTION

The Board refers to the announcements dated 29 March 2011 (the “**March Announcement**”) and 29 September 2011 relating to the proposed acquisition of 45% of the equity interest in China Satellite Mobile Communications Group Limited by the Company.

The Board wishes to announce that the Company has on 2 December 2011 entered into a second supplemental agreement with the Vendors (the “**Second Supplemental Agreement**”) to amend, vary and/or supplement the terms of the S&P Agreement as supplemented by a supplemental agreement dated 29 September 2011. The S&P Agreement, as from time to time amended, supplemented or modified, is herein defined as the “**SPA**”.

Unless otherwise specified herein or where the context otherwise requires, capitalised terms used in this Announcement shall have the same meaning as used in the March Announcement.

2. SALIENT TERMS OF THE SECOND SUPPLEMENTAL AGREEMENT

(a) Definition of “PRC Operator Agreement”

Pursuant to the Second Supplemental Agreement, the Parties have agreed that the definition of the term “PRC Operator Agreement” shall be amended such that the Target Companies will, in addition to the terms set out in paragraphs (i) to (iv) of the definition “PRC Operator Agreement”, agree with the PRC Operator on the terms or arrangements in respect of the financing or funding of the land, buildings, fixtures, equipment and such other assets, capital expenditure and/or working capital which may be necessary or required in connection with the construction, setting-up and/or operation of the virtual gateway and/or earth station, and the corresponding ownership or interests allocated or attributable to the respective parties in respect of their respective contributions.

(b) Consideration

Pursuant to the Second Supplemental Agreement, the Parties have agreed that the Company’s obligation to make payment of the Loan Notes A and the Loan Notes shall be amended so that such obligation shall be subject to and conditional upon the fulfillment of the Interim Milestone Events.

In this Announcement, “**Interim Milestone Event**” means the Company receiving evidence of (i) the PRC Operator Agreement being duly executed; and (ii) the Thuraya Supplemental Agreement being obtained.

(c) Moratorium

The SPA provides that save for the exercise of the Buyback Option by the Vendors, each of the Vendors undertakes that it shall not sell, transfer or otherwise dispose of or mortgage, pledge, charge or otherwise create any lien, security interest or any other encumbrance on:

- (i) the Consideration Shares (or any interest therein) issued and allotted to him/her for a period of six (6) months from the date of Completion (the **"Initial Moratorium Period"**); and
- (ii) such number of the Consideration Shares representing 50% of his /her shareholding of the Consideration Shares at the end of the Initial Moratorium Period (or any interest therein) for a period of six (6) months from the end of the Initial Moratorium Period (the **"Subsequent Moratorium Period"**).

For the avoidance of doubt, notwithstanding that the obligation of the Company to issue and allot the Consideration Shares on Completion shall be deferred as described in paragraph (d) below, the Initial Moratorium Period and the Subsequent Moratorium Period remain unchanged.

(d) Deferral of issuance and allotment of the Consideration Shares

Pursuant to the Second Supplemental Agreement, the Parties have agreed that the obligation of the Company to issue and allot the Consideration Shares on Completion pursuant to paragraph 3 of the March Announcement shall be deferred until the latest to occur of the following:

- (i) the fulfillment of the Interim Milestone Events; and
- (ii)
 - (1) the Company exercises the 55% Call Option pursuant to paragraph 4 of the March Announcement; or
 - (2) the Company receives written confirmation from the Vendors that they are not exercising their Buyback Option; or the Buyback Option has lapsed or terminated pursuant to the events listed in paragraphs 5.2 and 5.4 of the March Announcement respectively.

(e) Undertaking by the Company

Pursuant to the Second Supplemental Agreement, the Company undertakes to the Vendors that during the period from the Completion Date up to the date on which the Consideration Shares are issued to the Vendors, the Company shall not, and shall procure that its subsidiaries shall not (save for Clause 5A.2(vi)), without the prior written consent of the Vendors (such consent shall not be unreasonably withheld or delayed), carry on any of the following matters:

- (i) any acquisition or disposal of any businesses, assets, entities or undertakings of the Group where the size of any of the relative figures which are computed on the bases set out in Rule 1006 of the Catalyst Rules exceeds 5%;
- (ii) the acquisition of any shares in any body corporate or participation in any partnership or joint venture or co-operation agreement;
- (iii) provide any indemnity, guarantee, or any form of security, or otherwise encumber any of its assets in favour of any third party for the liabilities of any of the Company's subsidiaries;
- (iv) any redemption, purchase or cancellation of any shares or other dilution of the interest of the shareholders of the Company (including but not limited to the increase or other alteration of the issued share capital of the Company, the issue or grant of any option over the unissued share capital of the Company, the issue of any new class of shares in the capital of the Company, or the issue of any instrument convertible into new shares in the capital of the Company) other than in accordance with the SPA, or variation of any rights attaching to any shares in the capital of the Company;
- (v) any winding up, dissolution or liquidation of any company in the Group unless it shall have become insolvent; or
- (vi) declare any dividend or make any other distributions to its shareholders; or
- (vii) amend, modify, suspend, terminate, waive or assign any rights of any company in the Group, which may, directly or indirectly, individually or collectively, have a material adverse effect on the business, operations, assets or financial condition of the Group as a whole.

The undertaking set out above shall cease to apply in the event the Buyback Option is exercised.

(f) Buyback Option Consideration

Pursuant to the Second Supplemental Agreement, the Parties have agreed that in the event that the Consideration Shares have not been issued and allotted to the Vendors as at the Buyback Option Completion Date, the provisions in relation to the delivery of the Consideration Shares held by the Vendors and the signed Central Depository (Pte) Limited's forms in respect of the Consideration Shares referred to in, *inter alia*, paragraph 5.3(a) of the March Announcement shall not apply, and the Company's obligation to issue Consideration Shares shall be released, discharged and extinguished on the Buyback Option Completion Date.

(g) Effect of Completion of the Buyback Option

Pursuant to the Second Supplemental Agreement, the Parties have agreed that no Party shall have any claim against the other Parties for costs, compensation, damages or otherwise upon completion of the Buyback Option whether under the

SPA or any other agreement, undertaking or document entered into between any of the Vendors with the Company pursuant or relating to, or in connection with the SPA, save for the Reimbursement (if applicable).

(h) Mandatory Exercise of the Buyback Option

(i) Pursuant to the Second Supplemental Agreement, the Parties have agreed that in the event (i) the Company does not for whatsoever reason receive evidence of the execution of the PRC Operator by the relevant Target Companies and the PRC Operator by 31 January 2012 (or such other date as the Parties may agree in writing) (the “**PRC Operator Agreement Long Stop Date**”); the Vendors irrevocably and unconditionally agree and undertake to the Company that they shall jointly exercise the Buyback Option in accordance with the provisions of this Agreement within 10 Business Days from the PRC Operator Agreement Long Stop Date and the Company shall use all commercially reasonable endeavours within its control to provide all necessary cooperation to the Vendors to facilitate the consummation and completion of the Buyback Option. For the avoidance of doubt, this obligation shall apply and operate as a separate and independent obligation on the part of the Vendors notwithstanding paragraphs 5.1 and 5.2 of the March Announcement.

(ii) Pursuant to the Second Supplemental Agreement, the Parties have also agreed that in the event the Company does not for whatsoever reason receive evidence of the Thuraya Supplemental Agreement being obtained by 31 December 2011 (or such other date as the Parties may agree in writing) (the “**Thuraya Supplemental Agreement Long Stop Date**”) (such event being referred to as the “**Thuraya Buyback Option Event**”), the Vendors shall jointly exercise the Buyback Option in accordance with the provisions of the SPA within 10 Business Days from the date the Company notifies them in writing of the occurrence of the Thuraya Buyback Option Event, provided always that the Company notifies them of the occurrence of the Thuraya Buyback Option Event on or before 15 January 2012 (or such date as the Parties may agree in writing); and the Company acknowledges and agrees that it shall use all commercially reasonable endeavours within its control to provide all necessary cooperation to the Vendors in order to facilitate the consummation of the Buyback Option. For the avoidance of doubt, this obligation shall apply and operate as a separate and independent obligation on the part of the Vendors notwithstanding paragraphs 5.1 and 5.2 of the March Announcement.

(i) Satisfactory Completion of the Virtual Gateway

Pursuant to the Second Supplemental Agreement, the Vendors agree and undertake to use their best endeavours to procure the satisfactory completion of the setting-up, installation, commissioning and testing of the virtual gateway, and commencement of the full functioning and operations of the virtual gateway to allow for the provision of mobile satellite communications services to retail and/or enterprise users.

In this Announcement, “**virtual gateway**” means a transfer station which utilizes switches and leased E1 (fiber optic) transmission lines to integrate earth station communications into the public switched telephone network (PSTN) and to control certain subscriber management functions at the local level. A virtual gateway is unable to send and receive signals directly to and from any satellite and therefore must rely upon a connected earth station to do the same.

(j) Amendment of Currency Relating to Reimbursement

Pursuant to the Second Supplemental Agreement, the Parties have agreed that the amount of Reimbursement should be HK\$5 million, and not S\$5 million.

(k) Amendment of Dates

Pursuant to the Second Supplemental Agreement, the Parties have agreed that:

- (i) the 55% Long Stop Date be extended to 28 February 2012; and
- (ii) the latest date by which clearance of the SGX-ST has to be obtained (as set out in paragraph 5.2(c) of the March Announcement) be extended to 31 January 2012.

Save as amended, varied and/or supplemented by the terms of the Second Supplemental Agreement, all the terms and conditions of the SPA shall continue to apply and remain in full force and effect.

3. DOCUMENTS FOR INSPECTION

Whilst the registered office of the Company is in Bermuda, the principal office of the Company is in Hong Kong. Taking into account that Hong Kong is a more accessible location than Bermuda, a copy of the S&P Agreement, the First Supplemental Agreement and the Second Supplemental Agreement will be made available for inspection during normal business hours at the principal office of the Company at Room 3501, 35/F, West Tower, Shun Tak Centre, 168-200 Connaught Road, Central, Hong Kong for a period of 3 months from the date of this Announcement.

4. RESPONSIBILITY STATEMENT

This Announcement has been approved by all the Directors. The Directors (including any Director who may have delegated detailed supervision of the preparation of this Announcement) have collectively and individually accepted full responsibility for the accuracy of the information given in this Announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Second Supplemental Agreement, and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading.

Where the information in this Announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from such sources and/or reproduced in this Announcement in its proper form and context.

BY ORDER OF THE BOARD

Luk Chung Po, Terence
Executive Director
2 December 2011

*This Announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor (the "**Sponsor**"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**Exchange**"). The Sponsor has not independently verified the contents of this Announcement, including the correctness of any of the statements or opinions made or reports contained in this Announcement.*

This Announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this Announcement, including the correctness of any of the statements or opinions made or reports contained in this Announcement.

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