NGSC LIMITED

Co. Reg. No.196400100R

Quarterly Update Pursuant to Listing Rule 1313(2) and Rule 1314(2) for the Financial Period ended 30 June 2018

1. Update on Financial Position for the financial year ended 30 June 2018

Statement of Comprehensive Income

The Group recognised a foreign exchange gain of S$106,000 for the first quarter ended 30 June 2018 ("**1QFY19**") compared to a foreign exchange loss of S$67,000 in the first quarter ended 30 June 2017 ("**1QFY18**"). This was mainly due to the weakening of Singapore dollars against United States dollar and Hong Kong dollar in 1QFY19.

The Group recorded a share of loss of S$0.46 million from its joint venture in 1QFY19, as compared to share of profit of S$0.29 million in 1QFY18. The negative result is driven by the lower demand for the equipment and services supplied by HUH Broadband Communication Company Limited.

Taking the above into account, the Group recorded a net loss of S$0.69 million for 1QFY19 compared to a net loss of S$0.24 million in 1QFY18.

Statement of Financial Position

Included in other receivables, deposits and prepayment is an amount due from Ban Joo Investment (Pte) Ltd arising from the settlement of 380 million shares of the Company with a market value of S$0.8 million. The shares are held in as a collateral and the Group has the economic and monetary rights and benefits as per announced by the Group on 20 February 2017. Included in other receivables is also an amount due from Zhong Ping Trading Development Company Limited being the balance of loan amounted to S$2.0 million.

The share of loss from the Group's joint venture in the current financial period resulted in a lower net carrying value of the joint venture as at 30 June 2018.

Other payables and accruals mainly consist of provision for directors' fee and accruals amounting to approximately S$1.1 million and S$1.0 million respectively.

Cash Flow

The Group's cash and cash equivalents as at 30 June 2018 stood at S$16.5 million.

2. Update on Future Direction

The Group refers to the announcements dated 9th May 2018 in relation to the grant of the call option by Grand Harvest Resource Holdings Ltd. ("Vendor") and Tam Man Wai ("Mark Tam") to the Company to acquire 650,000 shares, representing 65% of the equity interest in Zhong Ping Trading Development Limited ("ZP") and a loan of the principle amount of S$3 million granted by the Company to ZP ("Loan").

The Company has decided not to proceed with the Call Option. Accordingly, the Company has entered into a settlement agreement with ZP, Mark Tam and the Vendor ("Settlement Agreement') pursuant to which the parties have agreed to terminate the Call Option Agreement subject to ZP agreeing to prepay the Loan and interest under Loan Agreement by 16 August 2018 or such later date as may be agreed by the Company and ZP in writing in accordance with the terms and conditions of the Settlement Agreement. Subsequent to the settlement agreement, ZP had repaid a principal amount of S$1 million, leaving a remaining balance of S$2 million which will be due on 16 August 2018.

3. Update of Watch-List status

As at the date of this announcement, the Company is on the watch-list (the "**Watch-List**") pursuant to Rule 1311 of the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Under Rule 1314 of the Listing Manual of the SGX-ST, an issuer on the Watch-List may apply to the SGX-ST for its removal from the Watch-List if it satisfies any one of the following requirements:-

(1) the issuer records consolidated pre-tax profit for the most recently completed financial year (based on the latest full year consolidated audited accounts, excluding exceptional or non-recurrent income and extraordinary items) and has an average daily market capitalisation of $40 million or more over the last 120 market days on which trading was not suspended or halted. For the purpose of this rule, trading is deemed to be suspended or halted if trading is ceased for the full market day; or

(2) the issuer satisfies the SGX-ST Mainboard admission criteria, either under Rule 210(2)(a) or Rule 210(2)(b).

SGX-ST had on 1 December 2010 granted to the Company an extension until 1 June 2012, to meet the requirements to exit the Watch-List (which are set out under Listing Rule 1314).

The Company had, in April 2018, made an application to SGX-ST for a further extension to meet the requirements to exit the Watch-List and will update the shareholders on this status as and when appropriate.

4. Update of Minimum Trading Price (the "MTP") Entry Criterion

The Company was placed on the watch-list under the MTP entry criterion with effect from 5 June 2017 under the revised MTP rules as announced on 2 December 2016. The Company will continue to make efforts and consider various options to meet the requirement of Rule 1314(2) of the SGX-ST Listing Manual pursuant to the MTP exit criterion and would update its shareholders in due course.

By Order of the Board
NGSC Limited

Ku Vicente S.
Managing Director and Chief Executive Officer
14 August 2018