NGSC LIMITED

Co. Reg. No.196400100R

Quarterly Update Pursuant to Listing Rule 1313(2) and Rule 1314(2) for the Financial Period ended 31 December 2019

1. Update on Financial Position for the financial period ended 31 December 2019

Statement of Comprehensive Income

The Group recognised a foreign exchange gain of S$0.2 million for the nine months ended 31 December 2019 ("3QFY20") compared to a foreign exchange loss of S$0.6 million for the nine months ended 31 December 2018 ("3QFY19"). This was mainly due to the Group's exposure on its foreign currency against the Singapore dollar.

The Group also recorded a share of profit of S$ 1.5 million from its joint venture in 3QFY20, as compared to a share of loss of S$1.4 million in 3QFY19. This highlights the improvements the joint venture continues in its satellite broadband products and services in the Peoples Republic of China region.

Included in other income is interest received amounting to S$0.1 million for 3QFY20 arising from deposits placed with licensed banks which derives an interest ranging from 1.68% to 1.87% per annum.

Overall, the Group recorded a net profit of S$ 1.2 million for 3QFY20 as compared to a net loss of S$4.1 million in 3QFY19.

Statement of Financial Position

As at 31 December 2019, the value of plant and equipment amounted to S$4,000, compared to S$8,000 as at 31 March 2019. This took into account a S$4,000 depreciation of assets.

The share of profit from the Group's joint venture also resulted in a higher net carrying value of the joint venture as at 31 December 2019. The improved result is driven by the increased demand for the equipment and services supplied by its joint venture.

As at 31 December 2019, the Group's derivative asset decreased to zero as compared to approximately S$0.6 million on 31 March 2019. This is due to the withdrawal of the deposits placed with broker for margin call.

Other payables and accruals as at 31 December 2019 were lower at S$2.0 million, compared to S$2.4 million as at 31 March 2019. The other payables and accruals mainly consists of provision of directors' fees, accruals and third party payables amounting to approximately S$0.8 million, S$0.7 million and S$0.5 million respectively.

Cash Flow

The Group's cash and cash equivalents as at 31 December 2019 stood at S$16.0 million.

2. Update on Future Direction

The group noted that the operating environment will remain highly competitive going forward. The onset of the COVID-19 situation is expected to have an impact on project rollouts and the Group will work hard on its businesses when the COVID-19 associated travel restrictions are lifted. The Group will remain vigilant on costs, credit and cash management in response to the business environment as it carries out its expansion strategies.

3. Update of Watch-List status

As at the date of this announcement, the Company is on the watch-list ("Watch-List") pursuant to Rule 1311 of the Listing Manual ("Listing Manual") of the Singapore Exchange Securities Trading Limited ("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.

On 3 December 2019, the Company has received a Notification of Delisting (the ''Notification'') from the SGX-ST. The following was stated in the Notification:-

(a) The Company has not met the requirements under Listing Rule 1314 for its removal from the Watch-list and hence, SGX-ST will proceed to delist the Company pursuant to Listing Rule 1315;

(b) The issuer or its controlling shareholder(s) must comply with the Listing Rule 1309 which requires the Company or its controlling shareholder(s) to provide a reasonable exit offer to shareholders. The Company shall inform SGX-ST on the exit offer proposal as soon as practicable and no later than one month from the date of the Notification. The Company shall provide SGX-ST updates via SGXNET on the status of the Company's exit offer proposal; and

(c) Trading in the Company's securities will continue until 5.16 pm, 2 January 2020 and will remain suspended from 9am, 3 January 2020 until completion of the exit offer.

The Company had, on 23 December 2019, made an application to SGX-ST for an appeal on the Notification and will update the shareholders on this 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

Lye Meng Yiau
Managing Director
14 February 2020