



Quarterly Update Pursuant to Listing Rule 1313(2) for the Financial Year ended 31 March 2017

1. Update on Financial Position for the financial year ended 31 March 2017

Statement of Comprehensive Income

The Group did not generate any revenue during the financial year ended 31 March 2017. This was mainly due to the waiver of interest income from the convertible notes extended to the issuer with effect from 5 October 2015. This waiver was in consideration for the issuer's consent to the order issued by the Court of Hong Kong on 6 January 2016. The announcement on the waiver of interest income was made by the Group on 8 January 2016.

Other income of S\$1.5 million for FY2017 mainly consists of S\$0.8 million of interest income of 8% per annum on the convertible notes and the reversal of fair value reserve arising from the successful redemption of the convertible notes on 2 November 2016 which amounted to S\$0.4 million.

In view of the strengthening of the Hong Kong dollar ("HKD") against the Singapore Dollar ("SGD"), the Group recognised an exchange gain of S\$0.3 million in FY2017, versus an exchange loss of S\$0.3 million in FY2016.

The Group recorded a loss of S\$1.3 million from its joint venture in China in FY2017, compared to a loss of S\$1.8 million in FY2016. This highlighted the challenges the joint venture faced in the sale of its satellite broadband products and services in China in FY2017.

Taking the above into account, the Group recorded a net loss of \$3.3 million for FY2017 compared to a net loss of S\$6.5 million for FY2016.

Statement of Financial Position

As at 31 March 2017, the value of plant and equipment amounted to S\$9,000, compared to S\$23,000 as at 31 March 2016. This was due to a depreciation charge of S\$14,000 during the financial year.

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\$1.1million. The shares are held in custody and the Group has the economic and monetary rights and benefits as per announced by the Group on 20 February 2017.

Financial assets at fair value through profit or loss of S\$24.6 million as at 31 March 2016 has been reclassified to cash and bank balances due to the successful redemption of the financial assets with the principal amount of HK\$144 million, which amounted to approximately S\$26.0 million. The announcement of the successful redemption was made by the Group on 2 November 2016.

1. Update on Financial Position for the financial year ended 31 March 2017 (cont'd)

Statement of Financial Position (cont'd)

The share of loss from the Group's joint venture also resulted in a lower net carrying value of the joint venture in the books.

Other payables and accruals mainly consist of deferred liabilities, provision for directors' fee and accruals amounting to approximately S\$4.2 million, S\$1.3 million and S\$0.7 million respectively.

The slight increase in income tax payables mainly was due to translation difference between Indonesia Rupiah ("RP") and Hong Kong Dollar ("HKD") against Singapore Dollar ("SGD") as the tax payables are denominated in IDR and HKD.

Cash Flow

The Group's cash and cash equivalents as at 31 March 2017 stood at S\$23 million.

2. Update on Future Direction

On 27 April 2017, the Group has entered into a loan agreement with Zhong Ping Trading Development Company Limited ("ZP") and Tam Man Wai ("Mark Tam") in connection with the grant of a loan to the ZP of the principal amount of up to S\$3 million (the "loan"). The Group has decided to grant the loan as it is an opportunity and preliminary steps towards considering future investment in ZP, subject to due diligence and other matters to be considered in the event the Company decides to invest further in ZP. Meanwhile, the Company can derive interest income from the loan.

On 17 May 2017, the loan has taken place in accordance with the term and conditions of the Loan Agreement, and the Company has disbursed the loan to ZP.

On 17 May 2017, the Group entered into a non-binding letter of intent ("LOI") with Grand Harvest Resource Holdings Limited ("Vendor") and Mark Tam. Pursuant to the LOI, the parties intends to explore for the Vendor to grant to the Group a call option to acquire up to 65% of the equity interest in ZP (the "Call Option") and in the event the Group decides to exercise the Call Option, the Group will consider the option of satisfying the exercise price by issuing such number of ordinary shares in the share capital of the Company at an issue price to be agreed and determined by the parties. This is in line with the Group's intention to consider future investment in ZP.

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 November 2014, 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.

By Order of the Board
Next-Generation Satellite Communications Limited

Ku Vicente S.
Managing Director and Chief Executive Officer

30 May 2017