NEXT-GENERATION SATELLITE COMMUNICATIONS LIMITED

Co. Registration No.196400100R

LOAN AGREEMENT

1. **INTRODUCTION**

The Board of Directors of Next-Generation Satellite Communications Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company has on 27 April 2017 entered into a loan agreement (the "**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**").

2. **INFORMATION ON ZHONG PING TRADING DEVELOPMENT COMPANY LIMITED AND RATIONALE FOR THE SUBSCRIPTION**

ZP is a private company limited by shares incorporated in Hong Kong and has been actively distributing European manufactured heating equipment in China for more than 20 years. As at the date of this announcement, ZP has an issued and paid-up capital of HK$1,000,000 divided into 1,000,000 ordinary shares. Grand Harvest Resource Holdings Ltd., which is wholly-owned by Mark Tam, owns 650,000 fully paid ordinary shares of ZP and Mark Tam owns 349,970 fully paid ordinary shares of ZP, collectively representing 99.997% of the issued and paid up share capital of ZP.

The Board has decided to grant the loan as this funding to ZP is an opportunity and a preliminary step 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.

3. **DETAILS OF THE LOAN**

3.1 Principal amount of the Loan and interest payable

Pursuant to the Loan Agreement, the Company will grant a loan to ZP of the principal amount of up to S$3 million. The Loan bears simple interest at the rate of 6% per annum which shall be payable in advance for the period from the date of disbursement of the Loan ("**Disbursement Date**") until the date falling two (2) years from the Disbursement Date ("**Maturity Date**"). Where the Loan is repaid by ZP in accordance with the Loan Agreement, the amount of interest payable for the period from the date of repayment to the Maturity Date shall be refunded by the Company to ZP, on the basis of actual days elapsed and on a 365-day year.

3.2 Security

In consideration of the Company granting the Loan, Mark Tam has agreed with and has undertaken to the Company that he shall provide (i) a personal guarantee to make payment in respect of all monies and liabilities due, owing or incurred by ZP under the Loan Agreement;(ii) a charge in favour of the Company over 349,970 shares held by him in ZP; and (iii) shall procure that Grand Harvest Resource Holdings Ltd. execute a charge in favour of the Company over 650,000 shares held by it in ZP

In addition, ZP and Mark Tam have agreed and undertaken to deliver to the Company the original certificates of real estate ownership or title deeds of the properties owned by subsidiaries of ZP in China as security for the payment and performance in full of all monies and labilities due, owing or incurred by ZP under the Loan Agreement, and shall grant to the Company a security interest in such properties and the power to have and to hold the aforesaid documents in such properties together with all right, title, interest, powers, privileges pertaining or incidental thereto until all monies and labilities due, owing or incurred by the ZP under the Loan Agreement have been fully paid to the Company.

3.3 Warranty on Profit Guarantee

ZP warrants and guarantees to the Company that ZP shall achieve either: (i) a profit before tax of S$500,000 for the financial year ending 31 December 2017, (ii) a profit before tax of S$2,100,000 for the financial year ending 31 December 2018; or (ii) the cumulative profit before tax of S$2,600,000 for the aforesaid two financial years ("**Profit Guarantee**"). In the event that ZP fails to achieve the Profit Guarantee due to whatsoever reasons, ZP and Mark Tam jointly and severally agrees and undertakes to compensate the Company by paying a cash sum being the difference between the Profit Guarantee and the actual profit before tax achieved for the particular financial year, as compensation for the non-fulfilment of the Profit Guarantee or other form of compensation to be mutually agreed by the parties.

The guaranteed levels of profit before tax referred to in the above paragraph will be calculated by converting the reported profit before tax (in Hong Kong Dollars) into Singapore Dollars at the closing rate observed on 31st December of the corresponding reporting period, obtained from a mutually agreed publicly available data source (e.g. Reuters).

3.4 Purpose

ZP shall only utilise the Loan for general working capital purposes, unless otherwise agreed in writing by the Company.

3.5 First Right of Refusal

For so long as any of the obligations remains outstanding and unpaid under this Agreement, none of the existing shareholders of the Borrower shall dispose of any of their shares unless such shareholder shall have first offered those shares to the Lender on the terms to be mutually agreed between such shareholder and the Borrower, which shall not be less favourable than terms offered to other third parties.

In addition, for so long as any of the obligations remains outstanding and unpaid under this Agreement, the Lender shall be entitled to participate in any new issue of any Shares or other securities, warrants, bonds or other convertible debt securities or instruments (on the same terms and conditions as those offered to potential subscribers) on terms to be mutually agreed by the Borrower and the Lender, which shall not be less favourable than terms offered to other third parties.

4. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Loan Agreement is available for inspection during normal business hours at the Company's registered office for a period of three months from the date of this announcement.

5. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Loan Agreement, save for their respective shareholdings in the Company (if any).

By Order of the Board
Next-Generation Satellite Communications Limited

Ku Vicente S.
Managing Director and Chief Executive Officer
27 April 2017