NGSC LIMITED
Company Registration No. 196400100R

ANNOUNCEMENT

DELISTING OF THE COMPANY FROM THE MAIN BOARD OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED BY WAY OF A PROPOSED SELECTIVE CAPITAL REDUCTION

1. INTRODUCTION

The Board refers to the announcements made by the Company on, *inter alia*, 3 December 2019, 1 June 2020, 12 August 2020, 29 January 2021, 11 February 2021 and 25 May 2021 in relation to the directed delisting of the Company ("**Delisting Notification**") from the Main Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), and the requirement for the Company or its controlling shareholder(s) to make an exit offer to the shareholders pursuant to Rules 1306 and 1309 of the Listing Manual of the SGX-ST (the "**Listing Manual**").

The Board of Directors (the "**Board**") of NGSC Limited (the "**Company**") wishes to announce that pursuant to the Delisting Notification, the Company proposes to seek the approval of the shareholders of the Company (the "**Shareholders**") at an extraordinary general meeting of the Company (the "**EGM**") to be convened to effect the delisting proposal by way of a selective capital reduction exercise to be undertaken by the Company (the "**Selective Capital Reduction**") pursuant to Section 78G of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**").

2. DELISTING PROPOSAL BY WAY OF SELECTIVE CAPITAL REDUCTION

2.1 Background

As announced by the Company on 3 December 2019, in the Delisting Notification, the SGX-ST notified the Company that:

(i) as the Company has not met the requirements under Rule 1314 of the Listing Manual for its removal from the Watch-list, the SGX-ST will proceed to delist the Company pursuant to Rule 1315 of the Listing Manual;

(ii) pursuant to Rule 1306 of the Listing Manual, the Company or its controlling shareholder(s) must comply with the requirements of Rule 1309 of the Listing Manual which requires the Company or its controlling shareholder(s) to provide a reasonable exit offer to the 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

(iii) trading in the Company's securities will continue until 5.16 p.m., 2 January 2020 and the trading will remain suspended from 9 a.m., 3 January 2020 until completion of the exit offer.

Upon the receipt of the Delisting Notification, the Company had immediately sought to explore various options to provide Shareholders with a reasonable exit alternative. In particular, the Company had reached out to the controlling shareholders of the Company, Telemedia Pacific Group Limited ("**TPG**") and Mr. Hady Hartanto (the "**Controlling Shareholders**"), as to whether the Controlling Shareholders would look to make an exit offer for all the shares of the Company ("**Shares**") (excluding treasury shares), in view of the impending delisting of the Company from the SGX-ST (the "**Delisting**"). The Controlling Shareholder informed the

Company that it is not in a position to make an exit offer. To date, the Company has been unable to source a viable cash exit alternative for the Shareholders from any other party. The Company notes the announcement by MC Payment Limited ("**MC Payment**") on 11 June 2021 that Mr Anthony Koh, the Executive Director and Chief Executive Officer of MC Payment, had engaged in exploratory talks with the Company in relation to a potential acquisition by MC Payment of a 51% interest in the Company. The exploratory talks concluded with no outcome and as at the date of this announcement, the Company has not entered into any binding term sheets or binding agreements with MC Payment or any other party in relation to an acquisition of the Company.

As at the date of this announcement, the Controlling Shareholders hold 1,676,097,000 Shares, representing 26.09% of the total number of issued Shares[1].

2.2 The Company's Delisting Proposal

In view of the above, the Board proposes to seek Shareholders' approval at an EGM to be convened to implement the Selective Capital Reduction by cancelling all of the Shares (excluding treasury shares) held by the Shareholders except those held by the Controlling Shareholders (the "**Participating Shareholders**"), comprising 4,748,638,828 Shares (the "**Participating Shares**"), at a price per Participating Share of **S$0.00155**. Following the approval of Participating Shareholders at the EGM, the Company will seek the approval of the High Court of Singapore pursuant to Section 78G of the Companies Act to approve the Selective Capital Reduction.

The Board has considered the possible alternatives which may provide Shareholders a viable exit alternative, including undertaking a voluntary winding-up. However, considering the timelines typically taken for undertaking and completing a voluntary winding-up, the Board determined that the Selective Capital Reduction would be a more viable and efficient exit proposal for Shareholders.

The Company has also sought and, on 8 June 2021, obtained confirmation from the Controlling Shareholders that they have no objection to the Company undertaking the Selective Capital Reduction, provided that (i) the price per Participating Share is not higher than S$0.00155, taking into consideration the cash amount in the Company and the amount of cash the Company would need to continue operations post-delisting, and (ii) the Selective Capital Reduction is completed by 30 November 2021.

For the purposes of the Selective Capital Reduction and as required by Rule 1309 of the Listing Manual, as announced on 25 May 2021, Provenance Capital Pte. Ltd. has on 18 May 2021 been appointed by the Company as the independent financial adviser (the "**Independent Financial Adviser**") to advise the directors of the Company ("**Directors**") who are considered independent for the purposes of any potential exit offer, pursuant to Rule 1309(2) of the Listing Manual.

2.3 Reduction of Share Capital

As at the date of this announcement, the Company has an issued and paid-up share capital of S$145,623,000 comprising 6,424,735,828 Shares in issue and 24,200,000 treasury shares. There is only one class of shares in issue. Save as set out above, the Company has no other issued share capital or outstanding options or convertible securities that may be exercised or converted into shares of the Company.

The Selective Capital Reduction will involve reducing the share capital of the Company from S$145,623,000 comprising 6,424,735,828 Shares, to S$138,262,609.82 comprising 1,676,097,000 Shares, representing a reduction of the total number of issued Shares by approximately 73.91%.[1]

[1] For purposes of computation, the total issued share capital and total number of issued Shares are based on the total issued share capital and total number of issued Shares as at the date of this announcement, being S$145,623,000 comprising 6,424,735,828 issued Shares.

2.4 Process

The Selective Capital Reduction will be effected by:

(a) cancelling the amount of S$7,360,390.18 constituting part of the total paid-up share capital of the Company held by the Participating Shareholders; and

(b) cancelling 4,748,638,828 of the said Participating Shares constituting part of the total issued share capital of the Company held by the Participating Shareholders.

2.5 Cash Distribution

The aggregate sum of S$7,360,390.18 arising from the Selective Capital Reduction will be returned to the Participating Shareholders in cash, on the basis of S$0.00155 for each Participating Share held by each Participating Shareholder that is cancelled as a result of the Selective Capital Reduction (the "**Cash Distribution**").

2.6 Funds for the Selective Capital Reduction

The Selective Capital Reduction will be funded from the existing cash reserves of the Company. As set out in more detail in paragraph 4.1 below, the Company will be placing at least 90% of its cash into an escrow account to be opened with and operated by an escrow agent once an escrow agent has been appointed.

2.7 Rationale

The Selective Capital Reduction is a corporate exercise that is proposed by the Company for the Participating Shareholders to have an opportunity to fully exit their investment in the Shares in return for cash. Following the suspension of trading of the Shares on 9 a.m. on 3 January 2020, the Company understands that it has become difficult for the Participating Shareholders to exit their investment in the Shares given the lack of a public market for the Shares.

If the Participating Shareholders do not approve the Selective Capital Reduction, there is no assurance that the Company will be able to arrange another undertaking or opportunity in the future for them to realise the value of their Shares. Participating Shareholders should note that SGX has confirmed that the Company will be delisted.

If the Participating Shareholders do not approve the Selective Capital Reduction, there is no guarantee that another opportunity will arise in the future for them to realise the value of their Shares and when the Company is delisted, the Shareholders would be shareholders in a unlisted public company.

2.8 Financial Effects of the Selective Capital Reduction

The pro forma financial effects of the Selective Capital Reduction on the share capital, earnings, net asset value ("**NAV**") and gearing of the Company and its subsidiaries (the "**Group**") have been prepared based on the unaudited consolidated financial results of the Group for the financial year ended 31 March 2021 ("**FY2021**" and the results thereof, the "**FY2021 Results**"), the Company's issued share capital and taking into account, *inter alia*, the following bases and assumptions:

(a) the financial effects on the Group's earnings and earnings per share are computed assuming that the Selective Capital Reduction was completed on 31 March 2021;

(b) the financial effects on the Group's share capital, NAV and gearing are computed assuming that the Selective Capital Reduction was completed on 1 April 2020; and

(c) the estimated incremental transaction costs incurred in relation to the Selective Capital Reduction are disregarded for computational purposes.

2.8.1 <u>Share Capital</u>

For illustrative purposes only, the pro forma financial effects of the Selective Capital Reduction on the share capital of the Company for FY2021 are as follows:

	Before the Selective Capital Reduction	**After the Selective Capital Reduction**
	FY2021	**FY2021**
Number of issued Shares (including treasury shares)	6,448,935,828	1,700,297,000
Number of issued Shares (excluding treasury shares)	6,424,735,828	1,676,097,000
Amount of share capital (S$)	145,623,000	138,262,609.82

2.8.2 NAV

For illustrative purposes only, the pro forma financial effects of the Selective Capital Reduction on the NAV of the Company and the Group for FY2021 are as follows:

Company

	Before the Selective Capital Reduction	**After the Selective Capital Reduction**
	FY2021	**FY2021**
Net assets (S$'000)	12,625	5,265
Number of issued Shares (excluding treasury shares)	6,424,735,828	1,676,097,000
NAV per Share (S$)	0.00197	0.003

Group

	Before the Selective Capital Reduction	**After the Selective Capital Reduction**
	FY2021	**FY2021**
Net assets (S$'000)	10,142	2,782
Number of issued Shares (excluding treasury shares)	6,424,735,828	1,676,097,000
NAV per Share (S$)	0.00158	0.00165

2.8.3 Earnings per Share

For illustrative purposes only, the pro forma financial effects of the Selective Capital Reduction on the earnings per share of the Group for FY2021 are as follows:

	Group	
	Before the Selective Capital Reduction	**After the Selective Capital Reduction**
	FY2021	**FY2021**
Profit (loss) attributable to shareholders (S$'000)	(24,117)	(24,117)
Number of issued Shares (excluding treasury shares)	6,424,735,828	1,676,097,000
Earnings per Share (Singapore cents)	(0.42)	(0.01)

2.8.4 Gearing

The Company and the Group do not have any borrowings. Accordingly, there are no financial effects of the Selective Capital Reduction on the gearing ratio of the Company and the Group for FY2021.

3. EXEMPTIONS BY THE SECURITIES INDUSTRY COUNCIL

The Securities Industry Council (the "**Council**") has exempted the Selective Capital Reduction from Rules 14, 15, 16, 17, Note 1(b) on Rule 19, 20.1, 21, 22, 28, 29 and 33.2 of the Singapore Code on Take-overs and Mergers (the "**Code**"), subject to the following conditions:

(a) the Controlling Shareholders and their concert parties abstaining from voting on the Selective Capital Reduction at the EGM to be convened for the purpose of approving the Selective Capital Reduction;

(b) the Directors who are presumed to be acting in concert with the Controlling Shareholders abstaining from making a recommendation on the Selective Capital Reduction to the Participating Shareholders; and

(c) the Company appointing an independent financial advisor to advise the Participating Shareholders on the Selective Capital Reduction.

As at the date of this announcement, the Directors are Dr. Michael Kuan-Chi Sun, Mdm. Sri Tjintawati Hartanto, Mdm. Wang Xiaozheng, Mr. Lee Chia Sin and Mr. Mahtani Bhagwandas. The Council has ruled that Mdm. Sri Tjintawati Hartanto will be exempt from the requirement to make a recommendation on the Selective Capital Reduction to Participating Shareholders because she would face an irreconcilable conflict of interest in view of her familial relationship with a Controlling Shareholder, as detailed in paragraph 10 below.

All Directors (including Mdm. Sri Tjintawati Hartanto) must, nonetheless, still assume responsibility for the accuracy of the facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company to Participating Shareholders in connection with the Selective Capital Reduction.

4. ESCROW ARRANGEMENT

As announced by the Company in an announcement dated 25 May 2021, pursuant to a notice of compliance dated 18 May 2021 issued by the SGX-ST, the Company has been deemed a cash company under Rule 1018 of the Listing Manual, and is required to place at least 90% of its cash (including existing cash balance and the consideration arising from any disposals) in an account opened with and operated by an escrow agent, which is part of any financial

institution licensed and approved by the Monetary Authority of Singapore. The amount that is placed in the escrow account cannot be drawn down except for the purpose of making the exit offer to shareholders.

The Company will be placing at least 90% of its cash into an escrow account to be opened with and operated by an escrow agent once an escrow agent has been appointed. As at the date of this announcement, the Company's cash and cash balances is S$13,242,871.62. Part of the Company's cash will be retained to offset certain existing liabilities of the Group amounting to S$3.15 million, following which the remaining cash and cash balances of the Company would be approximately S$10.08 million.

5. CONFIRMATION OF FINANCIAL RESOURCES

Crowe Horwath (the "**Financial Advisor**") confirms that sufficient financial resources are available to the Company to fund the payment of the aggregate Cash Distribution which will be returned to the Participating Shareholders if the Selective Capital Reduction becomes effective.

6. DISCLOSURES BY RELEVANT PERSONS

6.1 Holdings and Dealings

(a) **Relevant Persons' Holdings.** Paragraph 1 of the Appendix to this announcement sets out the number of Relevant Securities[2] owned, controlled or agreed to be acquired by (i) TPG, (ii) Mr. Hady Hartanto and (iii) the directors of TPG (collectively, the "**Relevant Persons**") as at the date of this announcement.

(b) **No Other Holdings and Dealings.** Save as disclosed in the Appendix, none of the Relevant Persons:

(i) owns, controls or has agreed to acquire the Relevant Securities as at the date of this announcement; or

(ii) has dealt for value in any Relevant Securities in the three-month period immediately preceding the date of this announcement.

6.2 No Material Arrangements

As at the date of this announcement, none of the Relevant Persons has entered into any arrangements (whether by way of option, indemnity or otherwise) in relation to any Relevant Securities which might be material to the Selective Capital Reduction.

6.3 No Other Arrangements

As at the date of this announcement, none of the Relevant Persons has:

(a) granted any security interest in respect of any Relevant Securities in favour of any another person, whether through a charge, pledge or otherwise;

(b) borrowed any Relevant Securities from another person (excluding borrowed Relevant Securities which have been on-lent or sold); or

(c) lent any Relevant Securities to another person.

[2] In this announcement, "**Relevant Securities**" means any Shares or securities which carry voting rights in the Company or convertible securities, warrants, options or derivatives in respect of the Shares or securities which carry voting rights in the Company

6.4 Irrevocable Undertakings

None of the Relevant Persons and/or the Company has received any irrevocable undertaking from any Shareholder to vote in favour of the Selective Capital Reduction.

6.5 Enquiries

Subsequent to this announcement, the Company and the Controlling Shareholders will promptly make enquiries of all other persons acting or presumed to be acting in concert with the Company and the Controlling Shareholders on the number of Relevant Securities owned, controlled or agreed to be acquired by them. If such holdings represent 0.5 per cent. or more of the total issued Shares, the Company will promptly announce such holdings to the public.

7. DISCLOSURES BY DIRECTORS AND FINANCIAL ADVISORS

7.1 Holdings and Dealings of the Directors

As at the date of this announcement, the interests in Shares held by the Directors and parties acting in concert with the Directors are set out below:

	Direct Interest		**Total Interest**	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**
Dr. Michael Kuan-Chi Sun	9,000,000	0.14	9,000,000	0.14
Sri Tjintawati Hartanto	2,203,000	0.03	2,203,000	0.03
Wang Xiaozheng	-	-	-	-
Lee Chia Sin	-	-	-	-
Mahtani Bhagwandas	3,000	*	3,000	*

**: Less than 0.01%*

Save as disclosed above, none of the Directors (a) has any direct or deemed interests in the Relevant Securities or (b) has dealt for value in any Relevant Securities during the three-month period immediately preceding the date of this announcement.

7.2 Holdings and Dealings of the Independent Financial Advisor

As at the date of this announcement, none of the Independent Financial Advisor, its related corporations or any funds whose investments are managed by the Independent Financial Advisor on a discretionary basis (a) owns or controls any Relevant Securities or (b) has dealt for value in any Relevant Securities during the three-month period immediately preceding the date of this announcement.

7.3 Holdings and Dealings of the Financial Advisor

As at the date of this announcement, none of the Financial Advisor, its related corporations or any funds whose investments are managed by the Financial Advisor on a discretionary basis (a) owns or controls any Relevant Securities or (b) has dealt for value in any Relevant Securities during the three-month period immediately preceding the date of this announcement.

8. SHAREHOLDERS' AND COURT APPROVAL

Shareholders' approval is being sought for the Selective Capital Reduction in accordance with the provisions of the Companies Act.

Pursuant to Section 78G of the Companies Act, in order for the Selective Capital Reduction to be approved, the Selective Capital Reduction requires:

(a) a special resolution[3] to be passed by the Shareholders approving the Selective Capital Reduction; and

(b) the approval and confirmation by the High Court of the Republic of Singapore ("**Court**") of the Selective Capital Reduction.

Upon an order of the Court being made approving the Selective Capital Reduction ("**Court Order**"), the Selective Capital Reduction will take effect upon the lodgment of a copy of the Court Order, together with the other documents as prescribed under the Companies Act, with the Registrar of Companies of Singapore ("**Registrar**") within 90 days beginning with the date the Court Order is made, or within such longer period as the Registrar may allow.

9. CIRCULAR TO SHAREHOLDERS AND NOTICE OF EGM

A circular to Shareholders (the "**Circular**") setting out relevant information relating to the Selective Capital Reduction and containing the advice of the Independent Financial Adviser and the recommendation of the relevant Directors, together with the notice of the EGM (the "**Notice of EGM**") to be convened to seek the approval of the Shareholders for the Selective Capital Reduction, will be despatched to Shareholders in due course. A copy of the Circular and the Notice of EGM will also be made available on the Company's website at https://www.ngscinvestment.com. Please refer to the Company's website for further announcements in relation to the Selective Capital Reduction.

10. ABSTENTIONS

The Controlling Shareholders will abstain and will not vote on the special resolution relating to the Selective Capital Reduction at the EGM.

In addition, Mdm. Sri Tjintawati Hartanto, who is a Non-Executive Non-Independent Director, is the sister of Mr. Hady Hartanto (being one of the Controlling Shareholders) and accordingly, may be presumed to be acting in concert with Mr. Hady Hartanto. In connection therewith, Mdm. Sri Tjintawati Hartanto will abstain and will not vote on the special resolution relating to the Selective Capital Reduction at the EGM.

For the avoidance of doubt, notwithstanding her familial relationship with Mr. Hady Hartanto, Mdm Sri Tjintawati Hartanto is not prohibited from participating in the Selective Capital Reduction as a Participating Shareholder although she will abstain from voting on the aforesaid special resolution.

11. RESPONSIBILITY STATEMENT

11.1 The Company

The Directors have taken all reasonable care to ensure that the facts stated and opinions expressed herein (other than paragraphs 6.1 to 6.3 and 10 above and the Appendix to this announcement for which the Controlling Shareholders have taken responsibility, and all other facts relating to, and opinions expressed by, the Controlling Shareholders) are fair and accurate and that no material facts have been omitted from this announcement, the omission of which would make any statement in this Announcement misleading. The Directors jointly and severally accept responsibility accordingly.

11.2 Controlling Shareholders

The Controlling Shareholders have taken all reasonable care to ensure that the facts stated and opinions expressed in paragraphs 6.1 to 6.5 and 10 above and the Appendix to this announcement (other than all facts relating to, and opinions expressed by, the Company and the Financial Advisor) are fair and accurate and that no material facts have been omitted from this announcement, the omission of which would make any statement in this announcement misleading. The Controlling Shareholders jointly and severally accept responsibility

[3] A special resolution requires the approval of a majority of at least 75% of all Shares voted by Shareholders present and voting at the EGM – such majority is counted on a "present and voting" basis (not based on total Shares in issue).

accordingly.

Where any information in paragraphs 6.1 to 6.5 and 10 above and the Appendix to this announcement has been extracted or reproduced from published or otherwise publicly available sources (other than all facts relating to, and opinions expressed by, the Company and the Financial Advisor), the sole responsibility of the Controlling Shareholders has been to ensure, through reasonable enquiries, that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in paragraphs 6.1 to 6.5 and 10 above and the Appendix to this announcement.

By Order of the Board
NGSC Limited

Michael Kuan-Chi Sun
Executive Director
11 July 2021

APPENDIX
DISCLOSURES OF HOLDINGS AND DEALINGS IN RELEVANT SECURITIES

1. HOLDINGS OF RELEVANT SECURITIES

As at the date of this announcement, based on (i) the latest information available to the Controlling Shareholders and (ii) responses received pursuant to enquiries made by the Controlling Shareholders, the interests in Shares held by the Relevant Persons are set out below:

	Direct Interest		**Total Interest**	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**
TPG[(1)]	-	-	1,664,500,000	25.91
Mr. Hady Hartanto[(2)]	-	-	1,676,097,000	26.09

Notes:

(1) TPG is deemed to have an interest in 1,664,500,000 Shares held through various nominees accounts.

(2) Mr. Hady Hartanto is deemed to have an interest in 11,597,000 Shares held through Messrs Straits Law Practice LLC as nominee and 1,664,500,000 Shares held by TPG by virtue of Section 7 of the Companies Act.