NGSC LIMITED

Co. Reg. No.196400100R

Quarterly Update Pursuant to Listing Rule 1313(2) for the Financial Period ended 30 June 2020

1. Update on Financial Position for the financial period ended 30 June 2020

Statement of Comprehensive Income

The Group recorded a share of profit of S$75,000 from its joint venture for the first quarter ended 30 June 2020 ("**1QFY21**"), as compared to a share of loss of S$550,000 in the first quarter ended 30 June 2019 ("**1QFY20**"). This highlights the higher demand the joint venture continues to provide in its satellite broadband products and services in 1QFY21 and in line with its business expansion plans concentrating not only in the People's Republic of China ("**PRC**"), but providing and servicing its products to other countries as well. In 1QFY20, the joint venture saw lower demand for its products and services which was not sufficient to offset against its operating costs, resulting in the share of loss of S$550,000.

The Group also recognised a foreign exchange gain of S$511,000 for the 1QFY21 as compared to a foreign exchange gain of S$154,000 in the 1QFY20. This was mainly due to the Group's exposure on its foreign currency denominated assets against the Singapore dollar.

Other income for 1QFY21 comprised (i) Interest income derived from fixed deposits placed with a licensed bank which bears interest of 0.29% per annum amounting to S$34,000 and (ii) Income of S$34,000 received in relation to the COVID-19 related government grants.

Taking the above into account, the Group recorded a profit for the financial period of S$0.3 million for 1QFY21 compared to a net loss of S$0.9 million in 1QFY20.

Statement of Financial Position

The higher net carrying value of the joint venture as at 30 June 2020 resulted from the share of profit from the Group's joint venture in the current financial period.

Other receivables, deposits and prepayments mainly pertains to the deposit on account placed with a legal firm during the 1QFY21, amounting to S$225,000 as at 30 June 2020.

Other payables and accruals consist of provision for directors' fee, accruals and third party payables amounting to approximately S$0.7 million, S$0.2 million and S$0.1 million respectively.

Cash Flow

The Group's cash and cash equivalents as at 30 June 2020 stood at S$14.8 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 new project rollouts. To ensure long term sustainability, the Group will continue to exercise prudence and vigilance to safeguard its financial position.

The Group maintains a flexible stance to cope with the current economic environment and remains cautiously optimistic that its joint venture which currently operates in the PRC, will continue to focus on improving operational efficiency for its satellite broadband products and services, and evaluate opportunities for growth outside of the PRC.

3. Update on 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 to be removed from the Watch-List if it records consolidated pre-tax profit for the most recently completed financial year (based on audited full year consolidated accounts) and has an average daily market capitalisation of $40 million or more over the last 6 months.

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.

On 3 December 2019, the Company 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) Pursuant to Listing Rule 1306, the Company or its controlling shareholder(s) must comply with 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 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 the trading will be 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. The Company is currently engaging with SGX-ST and will update the shareholders on this as and when appropriate.

By Order of the Board
NGSC Limited

Michael Kuan-Chi Sun
Executive Director
12 August 2020