NGSC LIMITED

Co. Reg. No.196400100R

Quarterly Update Pursuant to Listing Rule 1313(2) and Rule 1314(2) for the Financial Period ended 30 September 2019

1. Update on Financial Position for the financial period ended 30 September 2019

Statement of Comprehensive Income

The Group recognised a foreign exchange loss of S$3,000 for the second quarter ended 30 September 2019 ("**2QFY20**") compared to a foreign exchange loss of S$880,000 in the second quarter ended 30 September 2018 ("**2QFY19**"). This was mainly due to the group's exposure on its foreign currency assets against the Singapore dollar.

The Group recorded a share of loss of S$0.54 million from its joint venture in 2QFY20, as compared to a share of loss of S$0.54 million in 2QFY19. The result is driven by the lower demand for the equipment and services supplied by HUH Broadband Communication Company Limited. Lower professional fees resulted in administrative expenses in 2QFY20 being lower than the same period in the prior year (S$ 0.2 million from S$ 0.4 million).

Taking the above into account, the Group recorded a net loss of S$1.22 million for 2QFY20 compared to a net loss of S$2.93 million in 2QFY19.

Statement of Financial Position

The share of loss from the Group's joint venture in the current financial period resulted in a lower net carrying value of the joint venture as at 30 September 2019.

The Group's derivative asset as at 31 March 2019 has been withdrawn from the deposits placed with broker for margin call. This resulted in a decrease in derivative asset as at 30 September 2019 amounting to approximately $0.6 million.

Other payables and accruals mainly consist of provision for directors' fee, accruals and payable amounting to approximately S$0.8 million, S$0.8 million and S$0.5 million respectively.

Cash Flow

The Group's cash and cash equivalents as at 30 September 2019 stood at S$16.5 million.

2. Update on Future Direction

The Group noted that the operating environment would be challenging going forward. The Group will work and devote its resources to seek new business opportunities. The Group will remain vigilant on cost, credit and cash management in response to the volatile operating 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.

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 November 2019