NEXT-GENERATION SATELLITE COMMUNICATIONS LIMITED

Co. Reg. No.196400100R

Quarterly Update Pursuant to Listing Rule 1313(2) for the first quarter ended 30 June 2016

As of the date of this announcement, the statutory audit for the financial years ended 31 March 2015 ("FY2015") and 31 March 2016 ("FY2016") of Next-Generation Satellite Communications Limited ("Company") is still in progress and has not been finalised.

As such, the comparative figures for the corresponding periods in this announcement are based on unaudited results for the first quarter ended 30 June 2015 as announced on 13 August 2015. In the event that there are material adjustments arising from the finalisation of the audit for FY2015 and FY2016, the Company will make the appropriate announcement(s) highlighting the variance and the reasons for the discrepancies.

1. Update on Financial Position for the financial period ended 30 June 2016

Statement of Comprehensive Income

The Group did not generate any revenue for the first quarter ended 30 June 2016 (1QFY17) in view of 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.

The Group recognised a foreign exchange gain of S$45,000 in 1QFY17 compared to a foreign exchange loss of S$421,000 in the first quarter ended 30 June 2016 (1QFY16). This was on the back of a relatively stronger Singapore Dollar (SGD) against the US Dollar (USD) in 1QFY17.

The Group recorded slightly higher share of losses of S$0.46 million from its joint venture in 1QFY17, as compared to losses of S$0.32 million in 1QFY16 due to lower business activity in, and thus contribution from, the sale of satellite broadband products and services in China. This decline in business reflects the challenges faced by its joint venture in a highly competitive operating landscape.

Taking the above into account, the Group recorded a net loss of S$1.0 million for 1QFY17 compared to a net loss of S$1.6 million in 1QFY16.

Statement of Financial Position

As at 30 June 2016, the value of plant and equipment amounted to S$18,000, compared to S$22,000 as at 31 March 2016. This was due to the depreciation charged of S$4,000 during the period.

Included in the trade receivables of the Group is the amount due from PT Visitel Inti Nusa Media IDR3.5 billion (approximately S$363,000) and PT Telekomunikasi Indonesia of IDR1.4 billion (approximately S$149,000) respectively. The slight increase from 31 March 2016 was due to the translation difference between SGD and Indonesia Rupiah (IDR).

Other receivables, deposits and prepayments mainly comprised of the S$2.1 million due from a related party, Ban Joo Investment (BJI). The decrease as compared to 31 March 2016 reflects the weakening of the IDR against the SGD that resulted in a translation difference.

Statement of Financial Position (cont'd)

Available-for-sale financial assets of S$24.6 million as at 30 June 2016 reflect the fair value of the two convertible notes held by Arch and Hillgo. The share of loss from the Group's joint-venture project also resulted in a decrease in the net carrying value of joint ventures as at 30 June 2016.

Other payable and accruals mainly consist of deferred liabilities, provision for directors' fee and accruals amounting to approximately S$4 million, S$1.2 million and S$0.8 million respectively.

The slight increase in income tax payable mainly was due to the translation difference between IDR and Hong Kong Dollar (HKD) against SGD due to the tax payables arising from IDR and HKD foreign denominated subsidiaries.

Statement of Cash Flow

The Group's cash and cash equivalents as at 30 June 2016 stands at S$0.1 million.

2. Update on Future Direction

The Group continues to work hard to arrive at a settlement with Neo Telemedia Limited ("NEO") and AR Evans Capital Limited ("AR Evans") for the repayment the outstanding sum of approximately HK$ 145.7 million.

On 13 June 2016, the High Court of Hong Kong ruled in favor of Arch and Hillgo and that NEO shall pay the sum of HK$144,000,000 together with interest in full at judgment rate together with legal cost on the Summons.

On 29 June 2016, NEO was served a Statutory Demand to pay the Judgment Debt pursuant to the 13 June 2016 Court Order, with liberty to apply for wind up order for failure to comply within 21 days.

On 30 June 2016, we received a Notice of Appeal against the 13 June 2016 Court Order filed by NEO on 27 June 2016 to appeal against the Order. The hearing on the appeal has been fixed for 26 September 2016.

On 7 July 2016, NEO filed a Summons applying for an order that: 1) Execution of the 13 June 2016 Court Order be stayed pending determination of the Appeal; and 2) Leave be granted to NEO to adduce an Affirmation as evidence for NEO's appeal against the 13 June 2016 Court Order in which the next hearing on the application has been fixed for 29 July 2016.

On 29 July 2016, the High Court of Hong Kong dismissed the application for NEO's appeal against the 13 June 2016 Court Order with cost.

The due legal process for the enforcement of the 13 June 2016 Court Order is ongoing and the Group is sparing no effort to recover the fund due to it.

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

12 August 2016