Our Ref: REG/LC/SL/AYYS/NOC2021050001

18 May 2021

Board of Directors
NGSC Limited
20 Collyer Quay #01-02
Singapore 049319

Dear Sirs

NGSC LIMITED (THE "COMPANY")
NOTICE OF COMPLIANCE (THE "NOTICE")

1. The Exchange refers to the following announcements:

   (a) The Company's announcement dated 11 July 2019 (Announcement Reference No.: SG190711OTHRIJQ5) titled "Annual Reports and Related Documents";

   (b) The Company's announcement dated 3 December 2019 (Announcement Reference No.: SG191203OTHRGGHY) titled "Notification of Delisting";

   (c) The Company's announcement dated 2 January 2020 (Announcement Reference No.: SG200102SUSPKMKB) titled "Request for Suspension";

   (d) The Company's announcement dated 1 June 2020 (Announcement Reference No.: SG200601OTHRSZRA) titled "Update on the Directed Delisting and Proposed Exit Offer";

   (e) The Company's announcement dated 15 June 2020 (Announcement Reference No.: SG200615OTHRIZTQ) titled "Annual Reports and Related Documents";

   (f) The Company's announcement dated 12 August 2020 (Announcement Reference No.: SG200812OTHRYBJH) titled "First Quarter Results";

   (g) The Company's announcement dated 17 November 2020 (Announcement Reference No.: SG201117OTHRVR0X) titled "Resignation of Lead Independent Director";

   (h) The Company's announcement dated 29 January 2021 (Announcement Reference No.: SG210129OTHRZN61) titled "Application For Extension of Time To Announce Half Year Financial Statements";

(i) The Company's announcement dated 29 January 2021 (Announcement Reference No.: SG210129OTHRXIV1) titled "Second Quarter and/or Half Yearly Results";

(j) The Company's announcement dated 11 February 2021 (Announcement Reference No.: SG210211OTHR7LN7) titled "Third Quarter Results";

(k) The Company's announcement dated 26 April 2021 (Announcement Reference No.: SG210426OTHRH2TC) titled "Resignation of Independent Director";

(l) The Company's announcement dated 26 April 2021 (Announcement Reference No.: SG210426OTHRKFHZ) titled "Appointment of Independent Director";

(m) The Company's announcement dated 26 April 2021 (Announcement Reference No.: SG210426OTHR9LBR) titled "1) Resignation of Independent Director 2) Appointment of Independent Director";

(n) The Company's announcement dated 30 April 2021 (Announcement Reference No.: SG210430OTHRT07E) titled "Requisition to Convene An Extraordinary General Meeting Pursuant to Section 176 of The Companies Act";

(o) The Company's announcement dated 30 April 2021 (Announcement Reference No.: SG210426OTHRH2TC) titled "Resignation of Independent Director"; and

(p) The Company's announcement dated 8 May 2021 (Announcement Reference No.: SG210508OTHR6UOO) titled "Appointment of Independent Director".

2. On 3 December 2019, the Company announced that it has received a Notification of Delisting ("**Delisting Notification**") from the Exchange on the same day. Pursuant to Listing Rules 1306 and 1309, the issuer or its controlling shareholder(s) is required to *"provide a reasonable exit offer to shareholders".* In its announcement, the Company further disclosed that the *"Board is currently reviewing the Notification and intends to make an appeal to SGX-ST".*

3. Subsequently on 2 January 2020, the Company requested for trading in its shares to be suspended pursuant to the Delisting Notification.

4. On 1 June 2020, the Company announced that it *"has been working on the exit offer proposal(s) but the efforts have been hampered by the current pandemic and movement control orders in Singapore and across the region."*

Changes in the Fair Value of the Company's Interest in Joint Venture

5. The Company's wholly-owned subsidiary, China UnifiedNet Holdings Limited, holds 55% of the issued shares in HUH Broadband Communication Company Limited ("**HUH**"). HUH in turn holds two wholly-owned subsidiaries, namely HughesNet China Company Limited and Beijing China Satcom Unified Network Systems Technology Co., Ltd (collectively, the "**HUH Group**").

6. On 15 June 2020, the Company released its annual report for the financial year ended 31 March 2020 ("**FY2020**"). In the Notes to Financial Statements for FY2020, the Company disclosed that the carrying amounts of its interest in the HUH Group is S$22,736,000 (FY2019: S$2,800,000). The Company had engaged an independent valuer to perform a value in use valuation, and that the *"valuation was mainly based on*

the 3 year financial forecast as provided by the Management. The projections outlined in the financial information provided are assumed to be reasonable, reflecting market conditions and economic fundamentals, and will be materialized".

7. On 12 August 2020, the Company released its unaudited financial statements for the first quarter ended 30 June 2020. The value of the financial statement line item of *"Joint ventures"* was recorded to be S$22,821,000, as compared to S$22,736,000 as at 31 March 2020.

8. On 13 November 2020, the Company disclosed that it had applied to the Exchange for an extension of time till 14 December 2020 to release its half year financial statements for the financial period ended 30 September 2020 ("**1H2021 Financial Statements**"). In its reasons for the said application, the Company disclosed that *"in view of the changes in assumptions made to the carrying value of the Company's investment in its joint venture, there is an indication that the carrying value of the investment in its joint venture as at 30 September 2020 may be significantly impaired".* In this regard, the Company *"will be seeking an updated valuation report from an independent valuer"* and that the *"Independent Directors of the Company have also requested for the Half Year Results to be fully audited by the Auditors in light of the re-assessment of the carrying value of the Company's investment in its joint venture".*

9. On 29 January 2021, the Company disclosed that it has applied for a further extension of time up to 30 January 2021 instead to release its audited 1H2021 Financial Statements, which the Exchange has granted on 28 January 2021.

10. On 29 January 2021, it also released its audited 1H2021 Financial Statements, which provided the following:

    "The Group engaged an independent valuer to perform a value in use valuation as at 30 September 2020, which resulted in recognition of an additional impairment loss of S$21.70 million in the quarter ***due to nil commercial value as determined by the independent valuation*** *based on their assessment and evalution (sic) of assumptions, judgment and estimations. As at 30 September 2020, the Group's investment in joint venture is* ***fully impaired****."* (emphasis added)

11. The 1H2021 Financial Statements also informed that notwithstanding that the Company had submitted an appeal on the Delisting Notification, *"the Company had been notified definitively by the SGX-ST that the SGX-ST will not consider any proposal or application from the Company which requests for any time extension to exit the Watch-List".*

    Changes in Board Composition

12. On 17 November 2020, the Company announced the resignation of its Lead Independent Director, Mr Ong Tiang Lock (effective from 17 November 2020). He was appointed to the Board on 29 May 2020. The reasons for his resignation included *"2. Disagreement with the management's practice to favour a certain shareholder; and 3. Interference of spouse of controlling shareholder".*

13. On 26 April 2021, the Company announced the appointment of Mr Lee Chia Sin as an Independent Director of the Company.

14. On 26 April 2021 and 30 April 2021, the Company announced the resignation of Independent Director and Chairman of the Audit Committee, Mr Chew Chin Wee

(effective from 20 April 2021). The reasons for his resignation included *"Disagreement with the management's practice to favor a certain shareholder".*

15. In a separate announcement on 26 April 2021, the Company disclosed that following the resignation of Mr Chew Chin Wee, its Board and Audit Committee consist of:

"Board of Directors
Dr Michael Kuan-Chi Sun (Executive Director)
Mdm Sri Tjintawati Hartanto (Non-Executive Non-Independent Director)
Ms Wang Xiao Zheng (Non-Executive Non-Independent Director)
Ms Ng Yoke Ping, Pauline (Independent Director)
Mr Lee Chia Sin (Independent Director)

Audit Committee
Mdm Sri Tjintawati Hartanto, member
Mr Lee Chia Sin, member"

16. On 30 April 2021, the Company announced that it had, on the same day, received a requisition notice dated 29 April 2021 from "*21 minority shareholders and Telemedia Pacific Group Limited"* requesting for an extraordinary general meeting to be convened by the Company to remove Ms Ng Yoke Ping, Pauline as an Independent Director of the Company.

17. Based on the Company's annual report for FY2020, Mr Hady Hartanto is deemed to have an interest in 26.09% of the Company's issued share capital, of which 25.91% is held through Telemedia Pacific Group Limited. Mr Hady Hartanto was the subject of a public reprimand[1] issued by the Exchange on 20 October 2011, and is currently placed on the Directors' and Executive Officers' Watchlist[2] of the Exchange.

18. It was also disclosed in the annual report for the financial year ended 31 March 2019 that Non-Executive Non-Independent Director, Mdm Sri Tjintawati Hartanto, is the sister of Mr Hady Hartanto, the Company's controlling shareholder. Mdm Sri Tjintawati Hartanto was involved in a past investigation conducted by Ernst & Young Advisory Pte. Ltd. into certain significant questionable transactions and cash transfers involving the Company, which was announced by the Company on 31 October 2014.

19. On 8 May 2021, the Company announced the appointment of Mr Mahtani Bhagwandas as an Independent Director and Chairman of the Audit Committee of the Company. In its announcement, the Company provided *"Yes"* in the fields relating to these questions:

(a) *"Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere"*; and

(b) *"Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere".*

[1] Please refer to: https://www.sgx.com/regulation/public-disciplinary-actions/sgx-reprimands-scorpio-east-holdings-ltd-and-its-directors.
[2] Please refer to: https://www.sgx.com/regulation/directors-and-executive-officers-watchlist.

Exchange's Directives

20. Listing Rule 1018 provides that if the assets of an issuer consist wholly or substantially of cash or short-dated securities ("**Cash Company**"), the issuer must, *inter alia*, place 90% of its cash and short-dated securities (including existing cash balance and the consideration arising from the disposal(s) undertaken by the issuer) 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 is also required to provide a monthly valuation of the Group's assets and utilization of cash.

21. On 11 February 2021, the Company released its unaudited financial statements for the third quarter ended 31 December 2020. The joint venture was recorded to be of nil value as at 31 December 2020. The Company's cash and cash balances was S$13,910,000, representing approximately 85.5% of the Company's total assets of S$16,266,000 as at 31 December 2020.

22. In view of the above, the Exchange deems the Company a Cash Company **with immediate effect**. Pursuant to Listing Rule 1018 and this Notice, the Company must:

    (a) 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; and

    (b) Provide a monthly valuation of the Group's assets and utilization of cash via SGXNet.

23. Listing Rule 1405(1)(b) provides that the Exchange may, for the purposes of ensuring that the market is fair, orderly and transparent, require an issuer to make specified disclosures. Listing Rule 1405(1)(k) further provides that the Exchange may impose on an issuer any other requirements which it considers appropriate.

24. The Company was issued with the Delisting Notification on 3 December 2019. In accordance with Listing Rules 1306 and 1309, the Company or its controlling shareholder(s) must provide an exit offer to the Company's shareholders. The exit offer must be fair and reasonable, and include a cash alternative as the default alternative. The Company must also appoint an independent financial adviser to advise on the exit offer and the independent financial adviser must opine that the exit offer is fair and reasonable.

25. The Exchange has noted the circumstances leading to the resignation of former Lead Independent Director, Mr Ong Tiang Lock, and Independent Director and Chairman of the Audit Committee, Mr Chew Chin Wee, with effect from 17 November 2020 and 20 April 2021 respectively. Any further changes to the Board may compromise the continuing independent oversight of the Company's Board and Audit Committee in respect of the exit offer to be made to shareholders.

26. Pursuant to Listing Rules 1405(1)(b) and (k), the Exchange requires the Company to:

(a) Disclose via SGXNet the assessment and basis of the Board and Nominating Committee by **21 May 2021** with regard to the suitability of Mr Mahtani Bhagwandas as an Independent Director and Chairman of the Audit Committee, taking into account his involvement in two disciplinary proceedings under the Law Society of Singapore, including one where the Disciplinary Tribunal has *"referred the matter to the Court of 3 Judges" and the "hearing is scheduled for 14 May 2021"*, as well as the Exchange's disciplinary proceedings against him; and

(b) Seek and obtain the prior approval of the Exchange for any changes to its Board composition.

27. Pursuant to Listing Rule 1405(4), failure to comply with the requirements imposed by the Exchange shall be deemed to be a contravention of the Listing Rules.

Yours faithfully,

June Sim
Senior Vice President
Head, Listing Compliance
Singapore Exchange Regulation