
Quarterly Update Pursuant to Listing Rule 1313(2) and Rule 1314(2) for the Financial Year ended 31 March 2019

1. Update on Financial Position for the financial year ended 31 March 2019

Statement of Comprehensive Income

The Group for the financial year ended 31 March 2019 ("FY2019") recorded a share of profit of S\$0.9 million from its joint venture, as compared to the share of profit of S\$0.2 million for the financial year ended 31 March 2018 ("FY2018"). The positive results is driven by the higher demand for the equipment and services supplied by its joint venture in the People's Republic of China.

The Group for FY2019 also recognised a foreign exchange loss of S\$0.4 compared to a foreign exchange loss of S\$0.3 million for FY2018. This was mainly due to the Group's exposure on its foreign currency assets against the Singapore dollar.

Other income of S\$0.5 million was lower in FY2019, compared to S\$4.6 million in FY2018, because there was a reversal of deferred expenditure of S\$4.0 million in FY2018. Other expenses of S\$2.1 million was also lower in FY2019, as compared to S\$30.1 million in FY2018, because of the lower impairment loss on the investment in joint venture and provision of doubtful debts on other receivables.

Administrative expenses of S\$1.5 million in FY2019 is consistent compared to S\$1.5 million in FY2018. Taking the above into account, the Group recorded a net loss of S\$2.6 million for FY2019 as compared to a net loss of S\$27.0 million in FY2018.

Statement of Financial Position

The share of profit from the Group's joint venture for FY19 amounting to S\$0.9 million, offset against the impairment loss arising from the Group's review of S\$1.1 million, resulted in the carrying value of the joint venture as at 31 March 2019 amounted to S\$2.1 million compared to its fair value of S\$2.5 million in FY2018.

Other receivables decreased by S\$2.5 million, mainly due to the full repayment from Zhong Ping Trading Development Limited ("ZP") with a principal loan amount of S\$3.0 million during the financial year ended 31 March 2019.

Other payables and accruals mainly consists of provision for directors' fee, accruals and other payables amounting to approximately S\$1.0 million, \$0.5 million and S\$0.5 million respectively.

Cash Flow

The Group's cash and cash equivalents as at 31 March 2019 stood at S\$16.7 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

Michael Kuan-Chi Sun
Executive Director
30 May 2019