NGSC LIMITED

Co. Reg. No.196400100R

**Quarterly Update Pursuant to Listing Rule 1313(2) and Rule 1314(2) for the Financial Period ended 31 December 2017**

## 1. Update on Financial Position for the financial period ended 31 December 2017

### Statement of Comprehensive Income

The Group recorded a share of profit S$0.83 million from its joint venture for the nine months ended 31 December 2017 ("9MFY18") as compared to losses of S$1.0 million for the nine months ended 31 December 2016 ("9MFY17"). For the quarter ended 31 December 2017 ("3QFY18"), the share of loss was S$0.20 million, compared to losses of S$0.26 million for the quarter ended 31 December 2016 ("3QFY17"). The positive result is driven by the increased demand and supply for the equipment and services supplied by Hughes UnifiedNet Holding (China) Company Limited in China.

Other income is a loss for 9MFY18 due to fair value losses and realised loss in derivative assets amount to S$ 0.01 million and S$ 0.15 million respectively. Other income also consists of the 6% interest income per annum for the S$3.0 million loan granted to Zhong Ping Trading Development Company Limited ("ZP") on 15 May 2017. For the 3QFY18, the interest income from ZP amount to S$45,000. Other income of S$0.79 million for 9MFY17 was the accrued interest income of 8% per annum on the convertible notes, being the order issued by the Court of Hong Kong on 13 June 2016 as announced by the Group.

Administrative expenses of S$1.7 million was lower in 9MFY18, compared to S$3.3 million in 9MFY17, as a result of lower consultancy and legal costs. For 3QFY18, the administrative expenses decreased by 62% to S$0.9 million as compared to S$2.5 million in 3QFY17. The decrease was mainly was due to professional fee incurred in 3QFY17 which resulted in the successful redemption of the available-for-sale financial assets on 2 November 2016.

The Group incurred finance expenses which is mainly foreign exchange loss of S$0.41 million for 9MFY18 compared to a foreign exchange gain of S$0.53 million in 9MFY17. For 3QFY2018, the foreign exchange loss was S$0.1 million as compared to a foreign exchange gain of S$0.2 million for 3Q2018. This was due to the strengthening of Singapore Dollar (SGD) against the Hong Kong Dollar (HKD) in 9MFY18 as the Group maintained cash mainly in HKD.

Taking the above into account, the Group recorded a 61% decrease in net loss of S$1.2 million for 9MFY18 as compared to a net loss of S$3.1 million in 9MFY17.

### Statement of Financial Position

The net carrying value of the joint venture has increased by approximately S$0.83 million to S$31.0 million due to our share of profit for the 9MFY18.

Included in Other receivables, deposits and prepayments is an amount due from Ban Joo Investment (Pte) Ltd arising from the settlement of 380 million shares of the Company with a market value of S$1.1 million. The shares are held as a collateral and the Group has the economic and monetary rights and benefits as per announced by the Group on 20 February 2017. Included in this category is an amount due from ZP being the loan amounted to S$3.0 million granted and an amount due from JeeOne International Holding Limited for the subscription of convertible notes with the principal amount of RMB4.3 million amounted to approximately S$0.92 million.

**1, Update on Financial Position for the financial period ended 31 December 2017 (cont'd)**

Derivative assets refers to the forward contracts amounted to S$0.5 million which the Group has invested during the financial period through its subsidiary.

Other payables and accruals mainly consist of deferred liabilities, provision for directors' fee and other accruals amounting to approximately S$4.0 million, S$0.9 million and S$0.7 million respectively.

The slight decrease in income tax payable was mainly due to translation difference between Indonesia Rupiah ("IDR") and Hong Kong Dollar ("HKD") against Singapore Dollar as the tax payables are denominated in IDR and HKD.

**Cash Flow**

The Group's cash and cash equivalents as at 31 December 2017 stood at S$16.0 million.

**2. Update on Future Direction**

The Board of Directors of NGSC Limited refers to the announcements dated 10 November 2014 and 10 August 2017 in relation to the alleged irregularities in relation to the acquisition of the MSN Group and wishes to update the Shareholders that Ernst & Young Advisory Pte. Ltd. ("E&Y"), following the completion of the report on its findings relating to the fund place with a finance company ("E&Y") which the Company has announced on 31 October 2014 and which Company diligently reported and dealt with, has completed its further investigation into the acquisition of Multi Skies Nusantra Limited and its subsidiaries, and has issued a report ("the E&Y II") on its findings to the Company.

The Board of Directors has carefully considered the content of the report and on 1 February 2018, the Group has announced that a Special Committee has been convened to seek legal advice, on the basis of the E&Y II Report findings, in relation to (i) the continuing obligation (if any) of the Company under the Listing Rules and Companies Act, (ii) the extent of any damage (if any) caused to the Company arising from these matters that took place in the past under previous management; and (iii) the appropriate action (including any legal action if deemed appropriate) that the Company can reasonably take. While the current management do not foresee any material financial impact arising from the E&YII Report, WongPartnership LLP has now been engaged by the Special Committee to provide legal advice on the matter to recommend course of action warranted by the findings inclusive of nonfinancial breaches.

In addition, on 5 February 2018, the Group also announced the extension of the Group's structure in support of its platform on the management of investments. NGSC Capital Limited, a wholly-owned Cayman Islands subsidiary of NGSC Capital Pte. Ltd., entered into a shareholders' agreement with an independent third party to jointly incorporate a Cayman Islands company Indo EM Growth Fund GP Holdings Limited. Indo EM Growth Fund GP Holdings Limited is the holding company of the Cayman Islands subsidiary Indo EM Growth Fund GP Limited, the general partner that registered a Cayman Islands exempted limited partnership, Indo EM Growth Fund LP.

**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.

**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

Ku Vicente S.
Managing Director and Chief Executive Officer

14 February 2018