
Quarterly Update Pursuant to Listing Rule 1313(2) and Rule 1314(2) for the Financial Period ended 31 December 2018

1. Update on Financial Position for the financial period ended 31 December 2018

Statement of Comprehensive Income

The Group recognised a foreign exchange loss of S\$0.6 million for the nine months ended 31 December 2018 ("9MFY19") compared to a foreign exchange loss of S\$0.4 million for the nine months ended 31 December 2017 ("9MFY18"). This was mainly due to the Group's exposure on its foreign currency assets against the Singapore dollar.

The Group for the 9MFY19 also recorded a share of loss of S\$1.4 million from its joint venture, as compared to share of profit of S\$0.8 million in 9MFY18. The negative results is driven by the lower demand for the equipment and services supplied by HUH Broadband Communication Company Limited. In view of the results for the 9MFY19 of its joint venture, the Group has performed an impairment review and has impaired in full the remaining cost of its investment in its joint venture amounting to \$1.1 million for the 9MFY19 classified under other expenses.

Administrative expenses of S\$1.2 million was lower in 9MFY19, compared to S\$1.6 million in 9MFY18, as a result of lower consultancy and legal costs.

Other income for 9MFY19 mainly consists of interest income and realised gain on financial derivatives amounting to S\$232,000 and S\$72,000 respectively.

Taking the above into account, the Group recorded a net loss of S\$4.1 million for 9MFY19 as compared to a net loss of S\$1.2 million in 9MFY18.

Statement of Financial Position

Included in other receivables is an amount due from Zhong Ping Trading Development Company Limited being the balance of the loan amounted to S\$0.5 million. The amount due from related parties (non-trade) mainly consists of 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\$ 0.8 million and amount of S\$0.7 million due from Indo EM Growth Fund LP.

The share of loss from the Group's joint venture in the 9MFY19 and the impairment loss arising from the Group's review as mentioned above, resulted in zero carrying value of the joint venture as at 31 December 2018.

Other payables and accruals mainly consist of other payables, provision for directors' fee and accruals amounting to S\$0.8 million, S\$1.0 million and S\$0.5 million respectively.

Cash Flow

The Group's cash and cash equivalents as at 31 December 2018 stood at S\$16.8 million.

2. Update on Future Direction

The Group refers to the announcements dated 9 May 2018 in relation to the grant of the call option by Grand Harvest Resources Holding Ltd. ("Vendor") and Tam Man Wai ("Mark Tam") to the Company to acquire 650,000 shares, representing 65% of the equity interest in Zhong Ping Trading Development Limited ("ZP") and a loan of the principle amount of S\$3.0 million granted by the Company to ZP ("Loan").

The Company has decided not to proceed with the Call Option. Accordingly, the Company has entered into a settlement agreement with ZP, Mark Tam and the Vendor ("Settlement Agreement") pursuant to which the parties have agreed to terminate the Call Option Agreement subject to ZP agreeing to prepay the Loan and interest under Loan Agreement by 16 August 2018 or such later date as may be agreed by the Company and ZP in writing in accordance with the terms and conditions of the Settlement Agreement. Subsequent to the settlement agreement, the Company has announced on 24 January 2019 that the Company has received in full the balance outstanding by ZP.

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 was placed on the watch-list under MTP entry criterion with effect from 5 June 2012, 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.

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

Ku Vicente S.
Managing Director and Chief Executive Officer
14 February 2019