NGSC LIMITED

Co. Reg. No.196400100R

Quarterly Update Pursuant to Listing Rule 1313(2) for the Financial Year ended 31 March 2018

1. Update on Financial Position for the financial year ended 31 March 2018

Statement of Comprehensive Income

The Group recorded an Other income of S$4.0 million for the financial year ended 31 March 2018 ("FY2018"). The Other income mainly consists of a reversal of deferred expenditure amounted to S$4.0 million. This amount relates to the outstanding purchase consideration to be paid to Bright Reach International Limited. Other income also consists of the 6% per annum interest for the SS$3.0 million loan granted to Zhong Ping Trading Development Company Limited ("ZP") on 15 May 2017 amounted to S$0.16 million. Other income of S$1.5 million for the financial year ended 31 March 2017 ("FY2017") mainly consists of S$0.8 million interest income of 8% per annum on the convertible notes and the reversal of fair value reserve arising from the successful redemption of the convertible notes on 2 November 2016 which amounted to S$0.4 million.

Other expenses in FY2018 mainly consist of (i) an impairment loss arising from the investment in joint venture amounted to S$ 26.6 million, (ii) impairment loss from other receivables amounted to S$ 0.4 million and (iii) foreign exchange loss of S$0.5 million.

In FY2018, administrative expenses decreased to S$1.7 million mainly due to lower legal and professional fees.

The Group recorded a profit of S$0.3 million from its joint venture in China in FY2018, compared to a loss of S$1.1 million in FY2017. The improved result is driven by the increased demand for the equipment and services supplied by Hughes UnifiedNet Holding Company Limited as compared to FY2017.

Taking the above into account, the Group recorded a net loss of $24.5 million for FY2018 compared to a net loss of S$3.5 million for FY2017.

Statement of Financial Position

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$0.76 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 also 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 RMB4.5 million amounted to approximately S$0.92 million.

During the financial year, the group recognised an impairment loss of S$26.6 million on its investment in joint venture due to lower net fair value of identifiable assets and liabilities of the various companies comprising the joint venture as compared to the carrying amount of the investment in joint venture and uncertainty of future cash flows of the underlying business.

1. Update on Financial Position for the financial year ended 31 March 2018 (cont'd)

Statement of Financial Position (cont'd)

Derivative assets refers to the forward contracts amounted to S$0.47 million which the Group has invested during the financial year through its subsidiary.

Other payables and accruals mainly consist of provision for directors' fee and other accruals amounting to approximately S$1.0 million and S$0.7 million respectively.

Decrease in income tax payable was due to the reversal for the overprovision of income tax for its subsidiaries amounted to S$0.8 million due to unforeseeable tax payable in the future.

Cash Flow

The Group's cash and cash equivalents as at 31 March 2018 stood at S$15.3 million.

2. Update on Future Direction

The Board of Directors of NGSC Limited, refers to the announcements dated 9th May 2018 in relation to the grant of the call option by Grand Harvest Resource Holdings 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 million granted by the Company to ZP ("Loan").

The board wishes to update the shareholders that 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.

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).

3. Update of Watch-List status (Cont'd)

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

Ku Vicente S.
Managing Director and Chief Executive Officer

30 May 2018