



Quarterly Update Pursuant to Listing Rule 1313(2) and Rule 1314(2) for the Financial Period ended 30 June 2017

1. Update on Financial Position for the financial year ended 30 June 2017

Statement of Comprehensive Income

The Group recognised a foreign exchange loss of S\$67,000 for the first quarter ended 30 June 2017 (“1QFY18”) compared to a foreign exchange loss of S\$45,000 in the first quarter ended 30 June 2016 (“1QFY17”). This was on the back of a relatively weaker Singapore Dollar (SGD) against the US Dollar (USD) in 1QFY18.

The Group recorded a share of profit S\$0.29 million from its joint venture in 1QFY18, as compared to losses of S\$0.46 million in 1QFY17. The positive result is driven by the increase demand for the equipment and services supplied by Hughes UnifiedNet Holding (China) Company Limited in China.

Taking the above into account, the Group recorded a net loss of S\$0.24 million for 1QFY18 compared to a net loss of S\$0.94 million in 1QFY17.

Statement of Financial Position

Included in other receivables, deposits and prepayment 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\$1.1million. The shares are held in 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 other receivables also an amount due from Zhong Ping Trading Development Company Limited being the loan amounted S\$3.0 million granted during the financial period.

The share of profit from the Group’s joint venture in the current financial period also resulted in a higher net carrying value of the joint venture as at 30 June 2017.

Other payables and accruals mainly consist of deferred liabilities, provision for directors’ fee and accruals amounting to approximately S\$4.1 million, S\$1.2 million and S\$0.7 million respectively.

The slight decrease in income tax payables was mainly due to translation difference between Indonesia Rupiah (“IDR”) and Hong Kong Dollar (“HKD”) against Singapore due to the tax payables arising from IDR and HKD foreign denominated subsidiaries.

Cash Flow

The Group’s cash and cash equivalents as at 30 June 2017 stood at S\$19.0 million.

2. Update on Future Direction

The Group entered into a call option agreement with Grand Harvest Resource Holdings Limited (**GHRH**) and Mark Tam, pursuant to which GHRH has agreed to grant a call option to the company to acquire up to 650,000 shares, representing 65% of the equity interest ("**Option Share**") in Zhong Ping Trading development Limited ("**ZP**") (the "**Call Option**") at an option price of S\$7.02 million ("**Option Price**"), subject to the terms of the call option agreement.

The option price of S\$7.02 million was arrived on a willing-buyer willing seller basis, taking into account, amongst others, business prospects and the estimated earnings of ZP.

The Board is of the view that the Call Option represents an opportunity for the Company to strike an alliance with an operating business of high growth potential for industrial consumable burners in the green energy industry sector of the People's Republic of China. In addition, the Call Option presents the Company with an opportunity to expand its business which it allow it to achieve a more consistent and sustainable financial growth.

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
Next-Generation Satellite Communications Limited

Ku Vicente S.
Managing Director and Chief Executive Officer

14 August 2017