

UPDATE IN RELATION TO APPLICATION FOR AN EXTENSION OF TIME BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) TO HOLD THE COMPANY’S ANNUAL GENERAL MEETING FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (“FY2022”), ISSUANCE OF ANNUAL REPORT AND SUSTAINABILITY REPORT FY2022 AND ANNOUNCEMENT OF UNAUDITED RESULTS FOR FIRST QUARTER ENDED 31 MARCH 2023

The Board of Directors (the “**Board**”) of Net Pacific Financial Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s announcements dated 14 April 2023 and 24 April 2023 (collectively, the “**Previous Announcements**”). Unless otherwise defined, capitalised terms and references used herein shall bear the same meanings ascribed to them in the Previous Announcements.

The Board wishes to inform its shareholders that SGX-ST had, on 11 May 2023, approved the Extension Application to (i) hold its AGM for FY2022 by 29 June 2023; (ii) issue its FY2022 AR to shareholders and the SGX-ST by 14 June 2023; (iii) issue its FY2022 SR by 14 June 2023, and (iv) announce its 1Q2023 Results Announcement by 13 June 2023 (collectively, the “**Waivers**”).

The above Waivers are subject to the following:

(i) the Company announcing the Waivers granted, the reasons for seeking the Waivers, the conditions as required under Catalist Listing Rule 106 and if the Waivers’ conditions have been satisfied. If the Waivers’ conditions have not been met on the date of the announcement, the Company must make an update announcement when the conditions have all been met;

(ii) confirmation from the Company that it is not aware of any information that will have a material bearing on investors’ decision which has yet to be announced by the Company in relation to the waiver for Rule 705(2);

(iii) the Board’s confirmation that the Waivers will not be in contravention of any laws and regulations governing the Company and its constitution (or the equivalent in the Company’s country of incorporation); and

(iv) the Company convening its FY2022 AGM by 29 June 2023.

In relation to (i) above, the Company has announced on 14 April 2023 the reasons for seeking the Waivers as follows:

The Company’s external auditors, being Foo Kon Tan LLP (“**FKT**”), has requested for the Extension Application due to the following reasons:

- a. During the course of audit by FKT of the Group’s FY2022 financial statements, it was observed that the rental income arising from the leasing of properties (being assets received under the debt settlement) has been recorded as other income in the Group’s financial statements. Further, it was noted that (i) the rental income will be allocated based on a specific loan disbursement ratio between the Group and another loan provider, and (ii) the Group has also contributed towards the ongoing maintenance costs and expenses associated with the properties received under the debt settlement which are currently held by Jetwin Investment Pty Ltd (“**Jetwin**”).

Management has asserted that Jetwin is the Intermediary to the Group and had previously entered into deed of settlement and release with the Australian Borrowers pursuant to which it was agreed that the parties to the deed settlement would release each other from the performance of any and all of their obligations under the loan agreements entered into between the Intermediary and the Australian Borrowers. In light of the above, it may have an impact on the current classification of the amounts due from Jetwin which are measured at amortised cost (“**Classification at Amortised Cost**”). A financial asset is any asset that is: (a) cash; (b) an equity instrument of another entity; (c) a contractual right: (i) to receive cash or another financial asset from another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity. Financial assets at amortised costs are measured at the amount recognised at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount, and any loss allowance. A financial asset shall be measured at amortised cost if both of the following conditions are met: (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- b. In light of Points (i) and (ii) above, there might be a potential change in interpretation of the Group’s business model for (i) managing the financial asset (i.e., the amounts due from Jetwin) (the “**Financial Asset**”) and (ii) the contractual cash flow characteristics of the Financial Asset. Specifically, Management will have to evaluate whether the Classification at Amortised Cost is still appropriate after the settlement of the debts with the Australian borrowers as the contractual terms of the Financial Asset may give rise to cash flows which may not exclusively represent payments of principal and interest on the outstanding principal amount, taking into account factors such as the fact that no interest is being charged on the outstanding amounts due from Jetwin, and credit risks the Group has to undertake given that the recovery of the debt is dependent upon the underlying value of the properties.
- c. Accordingly, in the event that the Classification at Amortised Cost is not appropriate, Management will need to assess the appropriate accounting treatment for the Financial Assets. If the impact on the financials is material, prior year’s classification may be impacted and a separate fair valuation exercise over the underlying Financial Assets may be warranted.
- d. In view of the foregoing, FKT has advised that an extension of time of 60 days is required for:
 - i. the Management to perform the re-assessment of the current accounting treatment in relation to the Financial Assets;
 - ii. valuation work to be conducted by the Company’s external expert; and
 - iii. FKT to review the appropriateness of the valuation methodology and reasonableness of the underlying assumptions and parameters applied, before concluding on the appropriate accounting, classification and measurement of the Financial Asset.

In relation to (ii) above, the Company hereby confirms that it is not aware of any information that will have a material bearing on investors’ decision which has yet to be announced by the Company in relation to the waiver for Rule 705(2).

In relation to (iii) above, the Board hereby confirms that the Waivers will not be in contravention of any laws and regulations governing the Company and its constitution.

In relation to (iv) above, the Company will convene its FY2022 AGM by 29 June 2023.

The Company will make further announcement(s) via SGXNet to update its shareholders on the exact dates of such events.

By Order of the Board
Net Pacific Financial Holdings Limited

Ong Chor Wei @ Alan Ong
Executive Director

12 May 2023

*This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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