

NET PACIFIC FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Registration Number: 200300326D)

Condensed Interim Financial Statements For the six months and full year ended 31 December 2022

Pursuant to Rule 705(2C) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist (the "Catalist Rules"), the Company is required to announce its quarterly financial statements in view of the qualified opinion issued by the Company's auditors in the latest audited financial statements for the financial year ended 31 December 2021.

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NET PACIFIC FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

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A. Condensed interim consolidated statement of profit or loss and other comprehensive income

For the six months and full year ended 31 December 2022

	The Group				
	6 months ended 31/12/22 HK\$'000	6 months ended 31/12/21 HK\$'000	12 months ended 31/12/22 HK\$'000	12 months ended 31/12/21 HK\$'000	% + / (-)
Revenue	1,665	1,665	3,312	3,312	-
Other income	57	4,506	360	4,677	(92)
Administrative expenses	(2,471)	(2,504)	(4,813)	(5,163)	(7)
Other expenses	(474)	(963)	(2,138)	(2,013)	6
(Loss) / Profit before taxation	(1,223)	2,704	(3,279)	813	NM
Income tax expense	(2)	(21)	(243)	(278)	(13)
(Loss) / Profit representing comprehensive income for the year and attributable to the equity holders of the company	(1,225)	2,683	(3,522)	535	NM

NM: Not meaningful

(Loss) / Earnings per share

	The Group			
	6 months ended 31/12/22	6 months ended 31/12/21	12 months ended 31/12/22	12 months ended 31/12/21
(Loss) / Earnings per ordinary share				
- Basic (Hong Kong cents) [A]	(0.23)	0.51	(0.67)	0.10
- Diluted (Hong Kong cents) [B]	(0.23)	0.51	(0.67)	0.10

[A] The calculation of basic (loss) / earnings per ordinary share was based on 525,630,328 shares (2021 : 525,630,328 shares) being the weighted average number of ordinary shares in issue during the year.

[B] The calculation of diluted (loss) / earnings per ordinary share was based on 525,630,328 shares (2021 : 525,630,328) being the weighted average number of ordinary shares in issue during the year. There were no outstanding share options as at 31 December 2022 and 31 December 2021 as no options were issued prior to expiry of the option scheme in May 2021.

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B. Condensed interim consolidated statement of financial position

As at 31 December 2022

	Note	The Group		The Company	
		As at 31/12/22 HK\$'000	As at 31/12/21 HK\$'000	As at 31/12/22 HK\$'000	As at 31/12/21 HK\$'000
Non-current assets					
Plant and equipment	9	9	15	9	15
Other receivables	10	3,671	-	-	-
Right-of-use assets		-	33	-	33
Investment in subsidiaries		-	-	1,069	1,069
		3,680	48	1,078	1,117
Current assets					
Loans and advances	11	27,600	27,600	-	-
Other receivables	10	33,051	41,147	79,646	83,795
Cash and cash equivalents		38,827	40,891	805	2,655
		99,478	109,638	80,451	86,450
Total assets		103,158	109,686	81,529	87,567
Equity attributable to owners of the Company					
Share capital	12	145,105	145,105	145,105	145,105
Accumulated losses		(47,511)	(43,989)	(65,087)	(59,500)
Total Equity		97,594	101,116	80,018	85,605
Current Liabilities					
Other payables	13	5,376	8,377	1,511	1,929
Lease liabilities		-	33	-	33
Current tax payable		188	160	-	-
		5,564	8,570	1,511	1,962
Total liabilities		5,564	8,570	1,511	1,962
Total equity and liabilities		103,158	109,686	81,529	87,567

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C. Condensed interim consolidated statement of cash flows

For the six months and full year ended 31 December 2022

	The Group	
	12 months ended 31/12/22 HK\$'000	12 months ended 31/12/21 HK\$'000
<u>Cash flows from operating activities:</u>		
(Loss) / profit before taxation	(3,279)	813
<i>Adjustments for:</i>		
Depreciation of plant and equipment	6	8
Depreciation of right-of-use assets	33	77
Interest income	(3,317)	(3,312)
Gain on disposal of right-of-use assets	-	(9)
Interest expense on lease liabilities	-	5
Operating loss before changes in working capital changes	(6,557)	(2,418)
Changes in loans and advances	-	18,584
Changes in other receivables	5,238	(26,025)
Changes in other payables	(3,001)	5,900
Cash used in operating activities	(4,320)	(3,959)
Interest income received	2,228	3,312
Dividend income received	240	350
Income tax paid	(179)	(420)
Net cash used in operating activities	(2,031)	(717)
<u>Cash flows from investing activities:</u>		
Acquisition of plant and equipment	-	(18)
Net cash used in investing activities	-	(18)
<u>Cash flows from financing activities:</u>		
Payment of principal portion of lease liabilities	(33)	(76)
Interest paid	-	(5)
Net cash used in financing activities	(33)	(81)
Net decrease in cash and cash equivalents	(2,064)	(816)
Cash and cash equivalents at beginning of year	40,891	41,707
Cash and cash equivalents at end of year	38,827	40,891

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D. Condensed interim statements of changes in equity

For the six months and full year ended 31 December 2022

	Attributable to equity holders of the Company			
	Share Capital	Share Option Reserve	Accumulated Losses	Total Equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The Group				
As at 1 January 2021	145,105	340	(44,864)	100,581
Profit for the year *	-	-	535	535
Employee share option scheme	-	(340)	340	-
As at 31 December 2021	145,105	-	(43,989)	101,116
As at 1 January 2022	145,105	-	(43,989)	101,116
Loss for the year *	-	-	(3,522)	(3,522)
As at 31 December 2022	145,105	-	(47,511)	97,594

	Share Capital	Share Option Reserve	Accumulated Losses	Total Equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The Company				
As at 1 January 2021	145,105	340	(57,486)	87,959
Loss for the year *	-	-	(2,354)	(2,354)
Employee share option scheme	-	(340)	340	-
As at 31 December 2021	145,105	-	(59,500)	85,605
As at 1 January 2022	145,105	-	(59,500)	85,605
Loss for the year *	-	-	(5,587)	(5,587)
As at 31 December 2022	145,105	-	(65,087)	80,018

* There were no other comprehensive income items.

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E. Notes to the condensed interim financial statements

1 Corporate information

Net Pacific Financial Holdings Limited ("**the Company**") is listed on the Catalist which is a market on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Company is incorporated as a limited liability company and domiciled in the Republic of Singapore.

The registered office of the Company is located at 35 Selegie Road, #10-25, Singapore 188307.

The principal activities of the Company are investment holding and has business operations through its foreign subsidiaries in the area of the provision of financing services.

The condensed interim consolidated financial statements as at and for the financial year ended 31 December 2022 comprise the Company and its subsidiaries (collectively "**the Group**").

2 Basis of preparation

The condensed interim financial statements for the financial year ended 31 December 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) 34 *Interim Financial Reporting* ("**SFRS (I) 1-34**"). The condensed interim financial statements do not include all the information required for the Group's financial statement. Accordingly, this report should be read in conjunction with the Group's annual report for the financial year ended 31 December 2021 and any public announcements made by the Company during the interim reporting periods.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual report for the financial year ended 31 December 2021, except for the adoption of new and amended standards effective as mentioned in Note 2.1.

The condensed interim financial statements are presented in Hong Kong dollar which is the Company's functional currency.

2.1 New and amended standards adopted by the Group

A number of amendments to Singapore Financial Reporting Standards (International) ("**SFRS(I)**") have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgement and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 2 - Determination of functional currency
- Note 10 and 11 - Allowance for expected credit loss ("**ECL**") of loans and advances and other receivables

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 10 - Impairment of amounts due from subsidiaries
- Note 10 - Impairment of receivables due from Intermediary

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E. Notes to the condensed interim financial statements (contd)

3 Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the year.

4 Segment and revenue information

For management purposes, the Group is organised into the following reportable operating segments:

(1) Financing Business

The financing segment is the business of the provision of financing services in the PRC, the Hong Kong Special Administrative Region ("HKSAR") and Australia, which includes the provision of working capital financing, asset-backed loans, mezzanine loans and investments in companies with good fundamentals and growth potential.

(2) Investment

The investment segment is the business of investing in short term financial instruments using cash on hand pending further loan disbursement or investment opportunities under the Financing Business. There is no operating segment that has been aggregated to form this reportable operating segment

4.1 Reportable segments

	Financing Business		Investment		Consolidated	
	6 months ended 31/12/22 HK\$'000	6 months ended 31/12/21 HK\$'000	6 months ended 31/12/22 HK\$'000	6 months ended 31/12/21 HK\$'000	6 months ended 31/12/22 HK\$'000	6 months ended 31/12/21 HK\$'000
Total revenue by segments	1,665	1,665	-	-	1,665	1,665
External revenue	1,665	1,665	-	-	1,665	1,665
Segment profit	565	4,318	-	-	565	4,318
Unallocated expenses					(1,785)	(1,571)
Depreciation of plant and equipment					(3)	(3)
Depreciation of right-of-use assets					-	(40)
(Loss) / Profit before tax					(1,223)	2,704
Income tax expense					(2)	(21)
(Loss) / Profit for the year					(1,225)	2,683
Segment assets	102,277	106,880	-	-	102,277	106,880
Unallocated assets					881	2,806
Total assets per statement of financial position					103,158	109,686
Segment liabilities	4,052	6,608	-	-	4,052	6,608
Unallocated liabilities					1,512	1,962
Total liabilities per statement of financial position					5,564	8,570

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E. Notes to the condensed interim financial statements (contd)

4.1 Reportable segments (contd)

	Financing Business		Investment		Consolidated	
	12 months ended 31/12/22 HK\$'000	12 months ended 31/12/21 HK\$'000	12 months ended 31/12/22 HK\$'000	12 months ended 31/12/21 HK\$'000	12 months ended 31/12/22 HK\$'000	12 months ended 31/12/21 HK\$'000
Total revenue by segments	3,312	3,312	-	-	3,312	3,312
External revenue	3,312	3,312	-	-	3,312	3,312
Segment profit	317	4,378	-	-	317	4,378
Unallocated expenses					(3,557)	(3,480)
Depreciation of plant and equipment					(6)	(8)
Depreciation of right-of-use assets					(33)	(77)
(Loss) / Profit before tax					(3,279)	813
Income tax expense					(243)	(278)
(Loss) / Profit for the year					(3,522)	535
Segment assets	102,277	106,880	-	-	102,277	106,880
Unallocated assets					881	2,806
Total assets per statement of financial position					103,158	109,686
Segment liabilities	4,052	6,608	-	-	4,052	6,608
Unallocated liabilities					1,512	1,962
Total liabilities per statement of financial position					5,564	8,570

4.2 Geographical information

The Group derives interest income from loans and advances over time in the following geographical regions. Revenue is attributed to countries by location of customers.

	The Group			
	6 months ended 31/12/22 HK\$'000	6 months ended 31/12/21 HK\$'000	12 months ended 31/12/22 HK\$'000	12 months ended 31/12/21 HK\$'000
Interest income				
PRC & Hong Kong	1,365	1,365	2,712	2,712
British Virgin Islands	300	300	600	600
	1,665	1,665	3,312	3,312
Non-current assets				
Singapore	9	48	9	48
British Virgin Islands	3,671	-	3,671	-
	3,680	48	3,680	48

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E. Notes to the condensed interim financial statements (contd)

5 Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 31 December 2022 and 31 December 2021:

	The Group		The Company	
	As at 31/12/22 HK\$'000	As at 31/12/21 HK\$'000	As at 31/12/22 HK\$'000	As at 31/12/21 HK\$'000
Financial assets at amortised cost				
Loans and advances	27,600	27,600	-	-
Other receivables ⁽¹⁾	36,678	41,107	79,603	83,755
Cash and cash equivalents	38,827	40,891	805	2,655
	103,105	109,598	80,408	86,410
Financial liabilities at amortised cost				
Other payables	5,376	8,377	1,511	1,929
Lease liabilities	-	33	-	33
	5,376	8,410	1,511	1,962

(1) Excludes prepayment

6 Profit / (loss) after tax

6.1 Profit / (loss) after tax is arrived at after crediting / (charging) the following items:

	The Group			
	6 months ended 31/12/22 HK\$'000	6 months ended 31/12/21 HK\$'000	12 months ended 31/12/22 HK\$'000	12 months ended 31/12/21 HK\$'000
Foreign exchange losses	(474)	(962)	(2,138)	(2,008)
Interest expense on lease liabilities	-	(1)	-	(5)
Interest income from fixed deposit	5	-	5	-
Other income	52	111	355	282
Reversal of over provision of impairment (*)	-	4,165	-	4,165
Reversal of expected credit loss	-	221	-	221
Depreciation of plant and equipment	(3)	(3)	(6)	(8)
Depreciation of right-of-use assets	-	(40)	(33)	(77)
Gain on disposal of right-of-use assets	-	9	-	9

(*) The Company had on 6 August 2021 announced that Jetwin Investment Pty Limited (“**Jetwin**”), the intermediary which facilitated the Group in granting loans to borrowers located in Australia, had, on 6 August 2021, entered into a deed of settlement and release (the “**2021 Deed**”) with, inter alia, the remaining three (3) borrowers located in Australia (the “**Borrowers**”) pursuant to which it was agreed, among other things, that the parties to the 2021 Deed shall resolve all their disputes on the terms and conditions set out in the 2021 Deed and absolutely, unconditionally and irrevocably release and forever discharge and hold each other free from and against any and all claims including their obligations under the loan agreements entered into between Jetwin and the Borrowers without any admission of any liability of any kind whatever (the “**Settlement**”). Please refer to the announcement dated 6 August 2021 for more details

As the Group had made partial impairment of the principal component of the outstanding loans of approximately HKD18.2 million based on the progress of the negotiation with the Borrowers up to the financial year ended 31 December 2020, the Settlement resulted in a reversal of over provision of impairment of approximately HKD4.2 million in the financial year ended 31 December 2021.

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E. Notes to the condensed interim financial statements (contd)

6.2 Related party transactions

There are no material related party transactions during the current reporting period and financial year.

7 Taxation

The Group calculates the current reporting period and financial year income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	The Group			
	6 months ended	6 months ended	12 months ended	12 months ended
	31/12/22 HK\$'000	31/12/21 HK\$'000	31/12/22 HK\$'000	31/12/21 HK\$'000
Current income tax expense				
Current year	170	204	411	461
Over provision in respect of prior year	(168)	(183)	(168)	(183)
	2	21	243	278

8 Net asset value

	The Group		The Company	
	As at 31/12/22	As at 31/12/21	As at 31/12/22	As at 31/12/21
Net asset value per ordinary share (Hong Kong cents)	18.57	19.30	15.22	16.29

Net asset value per ordinary share was computed based on the number of ordinary shares outstanding of 525,630,328 shares as at 31 December 2022 (31 December 2021: 525,630,328).

9 Plant and equipment

There were no acquisitions of assets during the financial year ended 31 December 2022. During the financial year ended 31 December 2021, the Group acquired assets amounting to HK\$18,000. There were no disposal of assets during the financial years ended 31 December 2022 and 31 December 2021.

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E. Notes to the condensed interim financial statements (contd)

10 Other receivables

	The Group		The Company	
	As at 31/12/22 HK\$'000	As at 31/12/21 HK\$'000	As at 31/12/22 HK\$'000	As at 31/12/21 HK\$'000
Interest receivable	1,185	96	-	-
Dividend receivable	640	880	-	-
	1,825	976	-	-
Expected credit losses:				
At beginning	-	(24,858)	-	-
Write-off	-	23,737	-	-
Foreign exchange difference	-	1,121	-	-
At end	-	-	-	-
Net interest and dividend receivables	1,825	976	-	-
Deposits	23	23	15	15
Other receivables (a)	34,830	40,072	9	12
Income tax recoverable	-	36	-	36
Amounts due from subsidiaries (non-trade) (b)	-	-	134,078	134,013
	36,678	41,107	134,102	134,076
Expected credit losses:				
At beginning	-	-	(50,321)	(51,337)
(Allowance) / reversal for expected credit loss	-	-	(4,179)	1,016
At end	-	-	(54,500)	(50,321)
Net other receivables	36,678	41,107	79,602	83,755
Prepayments	44	40	44	40
Total other receivables	36,722	41,147	79,646	83,795
Presented as:				
- Non-current	3,671	-	-	-
- Current	33,051	41,147	79,646	83,795
	36,722	41,147	79,646	83,795

Note (a) - Other receivables comprise mainly:

- HK\$30,337,544 (31 December 2021 - HK\$34,839,000) due from Intermediary. Included in this balance is mainly receivable arising from the settlement of the loans to Ultimate Borrowers in Australia with the Intermediary in the form of properties and cash under two different deeds of settlement:

(i) On 25 June 2019, the Intermediary had entered into Deed of Settlement and Release ("**Deed**") with two Ultimate Borrowers pursuant to which it was agreed that the parties to the Deed 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 Ultimate Borrowers, and any and all claims which exist in respect of the conditional agreements entered on 12 November 2017. Under the Deed, cash of AUD487,000 and the ownership in five properties in Australia were transferred to the Intermediary as settlement of the loans previously granted by the Group to the two Ultimate Borrowers via the Intermediary. On 7 November 2019, the Intermediary confirmed and agreed that all the proceeds received under the provision of the Deed and the subsequent sale of the five properties shall be paid to the Group in accordance to the terms and conditions as set out in the original loan agreements between the relevant parties. The Group and the Intermediary have an arrangement to settle the balances due to or due from each other on a net basis.

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E. Notes to the condensed interim financial statements (contd)

10 Other receivables (contd)

(ii) On 6 August 2021, the Intermediary entered into a similar Deed of Settlement and Release with three remaining Ultimate Borrowers ("**2021 Deed**") pursuant to which it was agreed that the parties to the Deed 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 Ultimate Borrowers. Under the 2021 Deed, cash of AUD4,196,750 and the ownership in three properties in Australia will be transferred to the Intermediary as settlement of the loans previously granted by the Group to the remaining three Ultimate Borrowers via the Intermediary. The Intermediary confirmed and agreed that all the proceeds received under the provision of the 2021 Deed and the subsequent sale of the three properties shall be paid to the Group in accordance to the terms and conditions as set out in the original loan agreements between the relevant parties.

• HK\$4,307,000 (31 December 2021 - HK\$5,067,000) due from an external buyer on the disposal of financial asset at fair value through profit or loss. The balance is unsecured, interest-free and repayable over a two-year period commencing in FY2023. During the financial year ended 31 December 2022, the external buyer has requested with the concurrence of the Company, to revise the instalment payments until 31 December 2024.

Note (b)

The amounts due from subsidiaries are non-trade in nature, unsecured, bear interest at rate of 1.65% (2021 - 0.11%) per annum and are repayable on demand. At the end of the reporting period, the Company evaluated its subsidiaries' financial performance to meet the contractual cash flow obligations and had provided an additional expected credit loss of HK\$4,179,000 (2021 - reversal of expected credited loss of HK\$1,016,000) on the non-trade amounts due from a subsidiary.

11 Loans and advances

	The Group	
	As at 31/12/22 HK\$'000	As at 31/12/21 HK\$'000
Loans and advances repayable within one year	27,600	27,600
Expected credit losses:		
At beginning	-	(18,235)
Reversal of over provision of impairment	-	4,165
Impairment utilised upon settlement of loans	-	13,247
Foreign exchange difference	-	823
At end	-	-
Net loans and advances	27,600	27,600

Please also refer to Note 6 and 10 on update on the recent settlement with the Australian borrowers.

12 Share capital

	Number of shares	HK\$'000
Issued and fully paid, with no par value	525,630,328	145,105

There was no movement in the issued and paid-up capital of the Company since 31 December 2021.

There were no outstanding convertibles as at 31 December 2022 and 31 December 2021.

The Company did not hold any treasury shares as at 31 December 2022 and 31 December 2021. There was no sale, transfer, disposal, cancellation and use of treasury shares during the financial year ended 31 December 2022.

There were no subsidiary holdings as at 31 December 2022 and 31 December 2021. There were no sales, transfers, cancellation and/or use of subsidiary holdings during the financial year ended 31 December 2022.

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E. Notes to the condensed interim financial statements (contd)

13 Other payables

	The Group		The Company	
	As at 31/12/22 HK\$'000	As at 31/12/21 HK\$'000	As at 31/12/22 HK\$'000	As at 31/12/21 HK\$'000
Accrued operating expenses	5,376	8,377	1,511	1,929

14 Borrowings

The Group has no outstanding borrowings and debt securities as at 31 December 2022 and 31 December 2021.

15 Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

F. OTHER INFORMATION PURSUANT TO APPENDIX 7C OF CATALIST RULES

16 Whether the figures have been audited, or reviewed and in accordance with which auditing standards or practice

The condensed interim statements of financial position of Net Pacific Financial Holdings Limited and its subsidiaries as at 31 December 2022 and the related condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim consolidated statement of cash flows for the financial year then ended and the disclosed explanatory notes have not been audited or reviewed by the Company's auditors.

17 Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: (a) Updates on the efforts taken to resolve each outstanding audit issue; and (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed. This is not required for any audit issue that is a material uncertainty relating to going concern.

The basis for the qualified opinion in the annual report for the financial year ended 31 December 2021 was as follows. For details, please refer to Independent Auditors Report for the year ended 31 December 2021 (announced on 11 April 2022).

(1) Accuracy and recoverability of the principal of the loans

The qualified opinion in the annual report for the financial year ended 31 December 2021 released on 11 April 2022 ("FY2021 Annual Report") relates to the Group's opening balances as at 1 January 2021 and movement during FY2021, as a result of the qualification on the accuracy and recoverability of the carrying value of the loans to the Borrowers of HK\$18,585,000 for the financial year ended 31 December 2020.

The auditor's opinion on FY2021's financial statements is also modified because of the possible effects of this matter on the comparability of the current year's figures and corresponding figures.

(2) Recoverability of amounts due from a subsidiary - Company level

The Company has recomputed the recoverable amount and noted the impairment has no impact on the Group's results for the financial year ended 31 December 2022.

The Board is of the view that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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F. OTHER INFORMATION PURSUANT TO APPENDIX 7C OF CATALIST RULES (contd)

- 18 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal cyclical factors and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

Consolidated statement of comprehensive income

The Group recorded a revenue of HK\$3.3 million in the financial year ended 31 December 2022 ("FY2022"), which is comparable to that in the financial year ended 31 December 2021 ("FY2021") as the Group's loan portfolio has remained the same.

Other income in FY2021 was higher at HK\$4.7 million as it included the reversal of over provision of impairment of HK\$4.2 million arising from the Settlement as explained under Note 6.

Total operating expenses of the Group (comprising marketing and distribution costs and administrative expenses) was lower in FY2022 as compared to FY2021, mainly due to higher professional fees incurred in FY2021 as the Group had been seeking advice from the legal advisors and consultants on ways to settle the loans from Australian borrowers.

Other expenses in FY2022 comprised mainly of the foreign exchange loss arising from the revaluation of the Group's other receivables denominated in Australian Dollars ("AUD") as AUD continued to depreciate against HK\$ in FY2022.

As a result of the foregoing, the Group reported a loss of HK\$3.5 million in FY2022 as compared to a net profit of HK\$0.5 million in FY2021.

Consolidated statements of financial position

The Group's loan portfolio at HK\$27.6 million as at 31 December 2022, all of which are current, are the same as that as at 31 December 2021.

The Group's other receivables, both current and non-current as at 31 December 2022, were lower mainly due to payments from an external buyer on the disposal of financial assets at fair value through profit or loss as disclosed under Note 10 above, settlement of professional fees and expenses via the amount receivable from the Intermediary. In addition, depreciation of AUD against HK\$ in FY2022 also resulted in lower amount receivable from the Intermediary which is denominated in AUD.

Plant and equipment was higher as at 31 December 2021 due to routine replacement of computer and related accessories during the financial year ended 31 December 2021.

The Group has no right-of-use assets and corresponding lease liabilities as at 31 December 2022 as it meets the exemption criteria of SFRS (I) 16 with a lease term of 12 months.

Other payables and accrued liabilities of the Group were lower as at 31 December 2022 mainly due to payment of expenses related to the settlement with Australian borrowers.

Consolidated statements of cash flow

The Group's cash and cash equivalents stood at HK\$38.8 million as at 31 December 2022.

Net cash used in operating activities was HK\$2.0 million in FY2022 mainly due to the Group's operating loss before working capital in FY2022.

The Board confirms that the Group is able to meet its short term debt obligations when they fall due with cash and cash equivalent of HK\$38.8 million and no outstanding borrowings as at 31 December 2022.

- 19 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

Not applicable as there was no forecast or prospect statement disclosed to the Company's shareholders.

NET PACIFIC FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Registration Number: 200300326D)

20 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Although there are signs that the credit market in the PRC is starting to loosen, the HKSAR and PRC market continues to be weak. While this continues to present uncertainties, it also presents opportunities to the Group's financing business which is targeted at small and medium-sized companies.

The Directors are mindful of the current market sentiment and have been making effort to ensure that the Group's investment and credit risks are well managed, while ensuring adequate liquidity and financial strength to sustain its operations and business growth. As the overall global economy continues to be challenging, the Directors will continue to be prudent in deploying capital as well as executing stringent due diligence for new investments in 2023.

The Company will also continue to explore and review opportunities to diversify its business so as to boost growth and enhance shareholder value. The Company will make the necessary announcements should there be material developments on this front.

21 Dividend

If a decision regarding dividend has been made:

(a) whether an interim (final) dividend has been declared (recommended); and

No dividend was paid or declared during the financial year ended 31 December 2022 because the Group was not profitable in FY2022. No dividend was paid or declared during the corresponding period ended 31 December 2021 as the Company would have been in an operating loss position for the financial year ended 31 December 2021 if the one-time write back of over provision of impairment were excluded. The Board has decided not to declare dividends in FY2021 to conserve cash for the Group.

(b) Amount per share (cents) and previous corresponding period (cents)

Not applicable. No dividend was declared or recommended for the previous financial year ended 31 December 2021.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable

(d) The date the dividend is payable - Not applicable

(e) Book closure date - Not applicable

22 If the group has obtained a general mandate from shareholders for interested person transactions ("IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company did not obtain any general mandate from its shareholders for IPTs.

There was no IPT with value of S\$100,000 and more entered into during the financial year ended 31 December 2022.

23 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company has procured undertakings from all its directors and executive officers based on Appendix 7H of the SGX-ST Catalist Listing Manual.

24 Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

Please refer to Note 4.1.

NET PACIFIC FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

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F. OTHER INFORMATION PURSUANT TO APPENDIX 7C OF CATALIST RULES (contd)

25 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to Note 4.1.

26 A breakdown of sales

	The Group		
	FY2022 HK\$'000	FY2021 HK\$'000	+ / (-) %
(a) Sales reported for first half year	1,647	1,647	-
(b) Operating loss after tax before deducting non-controlling interests reported for first half year	(2,297)	(2,148)	7
(c) Sales reported for second half year	1,665	1,665	-
(d) Operating (loss) / profit after tax before deducting non-controlling interests reported for second half year	(1,225)	2,683	NM

27 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	FY2022	FY2021
	HK\$'000	HK\$'000
Total Annual Dividend		
Ordinary	-	-
Preference	-	-
Total	-	-

No dividend declared or proposed for the current financial year reported on and previous financial year.

28 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10). If there are no such persons, the issuer must make an appropriate negative statement.

There are no such persons occupying a managerial position who is a relative of a director or chief executive officer or substantial shareholder of the Company as at 31 December 2022.

29 Additional information required pursuant to Rule 706A, if any

Not applicable. The Company did not acquire and/or dispose shares in any companies during FY2022.

BY ORDER OF THE BOARD

Ong Chor Wei @ Alan Ong
Chief Executive Officer
23 February 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 document, including the correctness of any of the statements or opinions made or reports contained in this document.

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