

# 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 2021

*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 2020.*

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# NET PACIFIC FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Registration Number: 200300326D)

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

For the six months and full year ended 31 December 2021

	The Group				
	6 months ended 31/12/21 HK\$'000	6 months ended 31/12/20 HK\$'000	12 months ended 31/12/21 HK\$'000	12 months ended 31/12/20 HK\$'000	% + / (-)
<b>Revenue</b>	<b>1,665</b>	<b>1,700</b>	<b>3,312</b>	<b>3,454</b>	(4)
Other income	4,506	6,618	4,677	5,220	(10)
Administrative expenses	(2,504)	(2,126)	(5,163)	(5,279)	(2)
Other expenses	(963)	(9,185)	(2,013)	(9,191)	(78)
<b>Profit / (loss) before taxation</b>	<b>2,704</b>	<b>(2,993)</b>	<b>813</b>	<b>(5,796)</b>	NM
Income tax expense	(21)	(256)	(278)	(483)	(42)
<b>Profit / (loss) for the financial year and attributable to the equity holders of the company</b>	<b>2,683</b>	<b>(3,249)</b>	<b>535</b>	<b>(6,279)</b>	NM
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified subsequently to profit or loss:</b>					
- Changes in fair value of financial assets at fair value through other comprehensive income ("FVOCI"), at nil tax	-	-	-	54	NM
<b>Profit / (loss) representing comprehensive income for the year and attributable to the equity holders of the company</b>	<b>2,683</b>	<b>(3,249)</b>	<b>535</b>	<b>(6,225)</b>	NM

NM: Not meaningful

## Earnings / (Loss) per share

	The Group			
	6 months ended 31/12/21	6 months ended 31/12/20	12 months ended 31/12/21	12 months ended 31/12/20
Earnings / (Loss) per ordinary share				
- Basic (Hong Kong cents) [A]	0.51	(0.62)	0.10	(1.19)
- Diluted (Hong Kong cents) [B]	0.51	(0.62)	0.10	(1.19)

[A] The calculation of basic earnings / (loss) per ordinary share was based on 525,630,328 shares (2020 : 525,630,328 shares) being the weighted average number of ordinary shares in issue during the year.

[B] The calculation of diluted earnings / (loss) per ordinary share was based on 525,630,328 shares (2020 : 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 2021 as the options were not exercised prior to expiry in May 2021. The outstanding share options as at 31 December 2020 have no dilutive effect on the loss per ordinary share for FY2020 as the options were out of money.

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## B. Condensed interim consolidated statement of financial position

As at 31 December 2021

	Note	The Group		The Company	
		As at 31/12/21 HK\$'000	As at 31/12/20 HK\$'000	As at 31/12/21 HK\$'000	As at 31/12/20 HK\$'000
<b>Non-current assets</b>					
Plant and equipment	9	15	5	15	5
Other receivables	10	-	5,067	-	-
Right-of-use assets		33	180	33	180
Investment in subsidiaries		-	-	1,069	1,069
		<b>48</b>	<b>5,252</b>	<b>1,117</b>	<b>1,254</b>
<b>Current assets</b>					
Loans and advances	11	27,600	46,185	-	-
Other receivables	10	41,147	10,368	83,795	88,420
Cash and cash equivalents		40,891	41,707	2,655	537
		<b>109,638</b>	<b>98,260</b>	<b>86,450</b>	<b>88,957</b>
<b>Total assets</b>		<b>109,686</b>	<b>103,512</b>	<b>87,567</b>	<b>90,211</b>
<b>Equity attributable to owners of the Company</b>					
Share capital	12	145,105	145,105	145,105	145,105
Share option reserve	13	-	340	-	340
Accumulated losses		(43,989)	(44,864)	(59,500)	(57,486)
<b>Total Equity</b>		<b>101,116</b>	<b>100,581</b>	<b>85,605</b>	<b>87,959</b>
<b>Non-current liabilities</b>					
Lease liabilities		-	113	-	113
		-	<b>113</b>	-	<b>113</b>
<b>Current liabilities</b>					
Other payables	14	8,377	2,477	1,929	1,988
Lease liabilities		33	75	33	75
Current tax payable		160	266	-	76
		<b>8,570</b>	<b>2,818</b>	<b>1,962</b>	<b>2,139</b>
<b>Total liabilities</b>		<b>8,570</b>	<b>2,931</b>	<b>1,962</b>	<b>2,252</b>
<b>Total equity and liabilities</b>		<b>109,686</b>	<b>103,512</b>	<b>87,567</b>	<b>90,211</b>

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## C. Condensed interim consolidated statement of cash flows

For the six months and full year ended 31 December 2021

	<b>The Group</b>	
	<b>12 months ended 31/12/21 HK\$'000</b>	<b>12 months ended 31/12/20 HK\$'000</b>
<b><u>Cash flows from operating activities:</u></b>		
Profit / (loss) before taxation	813	(5,796)
<i>Adjustments for:</i>		
Depreciation of plant and equipment	8	10
Depreciation of right-of-use assets	77	75
Finance cost on non-current other receivables measured at amortised cost	-	234
Allowance for impairment loss of loans and other receivables	-	8,946
Interest income	(3,312)	(3,482)
Gain on disposal of right-of-use assets	(9)	-
Interest expense on lease liabilities	5	11
<b>Operating loss before changes in working capital changes</b>	<b>(2,418)</b>	<b>(2)</b>
Changes in loans and advances	18,584	(75)
Changes in other receivables	(26,025)	2,364
Changes in other payables	5,900	(244)
<b>Cash used in / generated from operating activities</b>	<b>(3,959)</b>	<b>2,043</b>
Interest income received	3,312	4,055
Dividend income received	350	151
Income tax paid	(420)	(628)
<b>Net cash (used in) / generated from operating activities</b>	<b>(717)</b>	<b>5,621</b>
<b><u>Cash flows from investing activities:</u></b>		
Acquisition of plant and equipment	(18)	-
Proceeds from redemption of financial assets, at fair value through other comprehensive income ("FVOCI")	-	1,699
<b>Net cash (used in) / generated from investing activities</b>	<b>(18)</b>	<b>1,699</b>
<b><u>Cash flows from financing activities:</u></b>		
Payment of principal portion of lease liabilities	(76)	(72)
Interest paid	(5)	(11)
<b>Net cash used in financing activities</b>	<b>(81)</b>	<b>(83)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(816)</b>	<b>7,237</b>
Cash and cash equivalents at beginning of year	41,707	34,470
<b>Cash and cash equivalents at end of year</b>	<b>40,891</b>	<b>41,707</b>

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## D. Condensed interim statements of changes in equity For the six months and full year ended 31 December 2021

	Attributable to equity holders of the Company				
	Share Capital	Share Option Reserve	Fair Value Reserve	Accumulated Losses	Total Equity
<b>The Group</b>	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2020	145,105	340	(54)	(38,585)	106,806
<b>Total comprehensive loss for the year</b>					
Loss for the year	-	-	-	(6,279)	(6,279)
Other comprehensive income					
- change in fair value of financial assets, at FVOCI	-	-	54	-	54
	-	-	54	(6,279)	(6,225)
<b>As at 31 December 2020</b>	<b>145,105</b>	<b>340</b>	<b>-</b>	<b>(44,864)</b>	<b>100,581</b>
As at 1 January 2021	145,105	340	-	(44,864)	100,581
Profit for the year *	-	-	-	535	535
Employee share option scheme	-	(340)	-	340	-
<b>As at 31 December 2021</b>	<b>145,105</b>	<b>-</b>	<b>-</b>	<b>(43,989)</b>	<b>101,116</b>

	Share Capital	Share Option Reserve	Accumulated Losses	Total Equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>The Company</b>				
As at 1 January 2020	145,105	340	(49,161)	96,284
Loss for the year *	-	-	(8,325)	(8,325)
<b>As at 31 December 2020</b>	<b>145,105</b>	<b>340</b>	<b>(57,486)</b>	<b>87,959</b>
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	-
<b>As at 31 December 2021</b>	<b>145,105</b>	<b>-</b>	<b>(59,500)</b>	<b>85,605</b>

\* 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 2021 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 2021 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 2020 and any public announcements made by the Company during the interim reporting period.

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 2020, except for the adoption of new and amended standards effective as set out 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 2020.

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 as follows:

#### (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 include 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 31/12/21 HK\$'000	6 months ended 31/12/20 HK\$'000	6 months ended 31/12/21 HK\$'000	6 months ended 31/12/20 HK\$'000	6 months ended 31/12/21 HK\$'000	6 months ended 31/12/20 HK\$'000
Total revenue by segments	1,665	1,700	-	-	1,665	1,700
<b>External revenue</b>	<b>1,665</b>	<b>1,700</b>	-	-	<b>1,665</b>	<b>1,700</b>
<b>Segment profit / (loss)</b>	<b>4,318</b>	<b>(1,928)</b>	-	-	<b>4,318</b>	<b>(1,928)</b>
Unallocated expenses					(1,571)	(1,023)
Depreciation of plant and equipment					(3)	(5)
Depreciation of right-of-use assets					(40)	(37)
<b>Profit / (Loss) before tax</b>					<b>2,704</b>	<b>(2,993)</b>
Income tax expense					(21)	(256)
<b>Profit / (Loss) for the year</b>					<b>2,683</b>	<b>(3,249)</b>
<b>Segment assets</b>	<b>106,880</b>	<b>102,730</b>	-	-	<b>106,880</b>	<b>102,730</b>
Unallocated assets					2,806	782
<b>Total assets per statement of financial position</b>					<b>109,686</b>	<b>103,512</b>
<b>Segment liabilities</b>	<b>6,608</b>	<b>678</b>	-	-	<b>6,608</b>	<b>678</b>
Current income tax liabilities					-	266
Unallocated liabilities					1,962	1,987
<b>Total liabilities per statement of financial position</b>					<b>8,570</b>	<b>2,931</b>

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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 31/12/21 HK\$'000	12 months ended 31/12/20 HK\$'000	12 months ended 31/12/21 HK\$'000	12 months ended 31/12/20 HK\$'000	12 months ended 31/12/21 HK\$'000	12 months ended 31/12/20 HK\$'000
Total revenue by segments	3,312	3,454	-	-	3,312	3,454
<b>External revenue</b>	<b>3,312</b>	<b>3,454</b>	-	-	<b>3,312</b>	<b>3,454</b>
<b>Segment profit / (loss)</b>	<b>4,378</b>	<b>(2,778)</b>	-	-	<b>4,378</b>	<b>(2,778)</b>
Unallocated expenses					(3,480)	(2,933)
Depreciation of plant and equipment					(8)	(10)
Depreciation of right-of-use assets					(77)	(75)
<b>Profit / (Loss) before tax</b>					<b>813</b>	<b>(5,796)</b>
Income tax expense					(278)	(483)
<b>Profit / (Loss) for the year</b>					<b>535</b>	<b>(6,279)</b>
<b>Segment assets</b>	<b>106,880</b>	<b>102,730</b>	-	-	<b>106,880</b>	<b>102,730</b>
Unallocated assets					2,806	782
<b>Total assets per statement of financial position</b>					<b>109,686</b>	<b>103,512</b>
<b>Segment liabilities</b>	<b>6,608</b>	<b>678</b>	-	-	<b>6,608</b>	<b>678</b>
Current income tax liabilities					-	266
Unallocated liabilities					1,962	1,987
<b>Total liabilities per statement of financial position</b>					<b>8,570</b>	<b>2,931</b>

### 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 31/12/21 HK\$'000	6 months ended 31/12/20 HK\$'000	12 months ended 31/12/21 HK\$'000	12 months ended 31/12/20 HK\$'000
<b>Interest income</b>				
PRC & Hong Kong	1,365	1,400	2,712	2,854
British Virgin Islands	300	300	600	600
	<b>1,665</b>	<b>1,700</b>	<b>3,312</b>	<b>3,454</b>
<b>Non-current assets</b>				
Singapore	48	185	48	185
British Virgin Islands	-	5,067	-	5,067
	<b>48</b>	<b>5,252</b>	<b>48</b>	<b>5,252</b>



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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 as at 31 December 2021 and 31 December 2020:

	The Group		The Company	
	As at 31/12/21 HK\$'000	As at 31/12/20 HK\$'000	As at 31/12/21 HK\$'000	As at 31/12/20 HK\$'000
<b>Financial assets at amortised cost</b>				
Loans and advances	27,600	46,185	-	-
Other receivables <sup>(1)</sup>	41,107	15,399	83,755	88,384
Cash and cash equivalents	40,891	41,707	2,655	537
	<b>109,598</b>	<b>103,291</b>	<b>86,410</b>	<b>88,921</b>
<b>Financial liabilities at amortised cost</b>				
Other payables	8,377	2,477	1,929	1,988
Lease liabilities	33	188	33	188
	<b>8,410</b>	<b>2,665</b>	<b>1,962</b>	<b>2,176</b>

(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 31/12/21 HK\$'000	6 months ended 31/12/20 HK\$'000	12 months ended 31/12/21 HK\$'000	12 months ended 31/12/20 HK\$'000
Foreign exchange (losses) / gain	(962)	6,362	(2,008)	4,921
Interest expense on lease liabilities	(1)	(5)	(5)	(11)
Interest income from fixed deposit	-	5	-	28
Other income	111	251	282	271
Reversal of over provision of impairment	4,165	-	4,165	-
Reversal of expected credit loss	221	-	221	-
Allowance for impairment loss of loans and advances	-	(8,946)	-	(8,946)
Finance cost on non-current other receivables measured at amortised cost	-	(234)	-	(234)
Depreciation of plant and equipment	(3)	(5)	(8)	(10)
Depreciation of right-of-use assets	(40)	(37)	(77)	(75)
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.

### 7 Taxation

The Group calculates the current reporting period 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
	31/12/21 HK\$'000	31/12/20 HK\$'000	31/12/21 HK\$'000	31/12/20 HK\$'000
<b>Current income tax expense</b>				
Current year	204	88	461	315
Under / (over) provision in respect of prior year	(183)	168	(183)	168
	21	256	278	483

### 8 Net asset value

	The Group		The Company	
	As at 31/12/21	As at 31/12/20	As at 31/12/21	As at 31/12/20
Net asset value per ordinary share (Hong Kong cents)	19.30	19.14	16.29	16.73

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 2021 (31 December 2020: 525,630,328).

### 9 Plant and equipment

During the financial year ended 31 December 2021, the Group acquired assets amounting to HK\$18,000 (31 December 2020 - nil). There are no disposal of assets during the financial years ended 31 December 2020 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 31/12/21 HK\$'000	As at 31/12/20 HK\$'000	As at 31/12/21 HK\$'000	As at 31/12/20 HK\$'000
Interest receivable	96	24,954	-	-
Dividend receivable	880	1,230	-	-
	976	26,184	-	-
Expected credit losses:				
At beginning	(24,858)	(37,906)	-	-
Write-off	23,737	16,628	-	-
Foreign exchange difference	1,121	(3,580)	-	-
At end	-	(24,858)	-	-
Net interest and dividend receivables	976	1,326	-	-
Deposits	23	23	15	15
Other receivables (a)	40,072	14,050	12	9
Income tax recoverable	36	-	36	-
Amounts due from subsidiaries (non-trade) (b)	-	-	134,013	139,697
	41,107	15,399	134,076	139,721
Expected credit losses:				
At beginning	-	-	(51,337)	(44,863)
Write back / (allowance) for expected credit loss	-	-	1,016	(6,474)
At end	-	-	(50,321)	(51,337)
Net other receivables	41,107	15,399	83,755	88,384
Prepayments	40	36	40	36
<b>Total other receivables</b>	<b>41,147</b>	<b>15,435</b>	<b>83,795</b>	<b>88,420</b>
Presented as:				
- Non-current	-	5,067	-	-
- Current	41,147	10,368	83,795	88,420
	<b>41,147</b>	<b>15,435</b>	<b>83,795</b>	<b>88,420</b>

Note (a) - Other receivables comprise mainly:

- HK\$32,931,000 (31 December 2020 - HK\$7,612,000) 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.

# NET PACIFIC FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

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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\$5,067,000 (31 December 2020 - HK\$6,267,000) 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 FY2020. During the financial year ended 31 December 2020, the external buyer has requested with the concurrence of the Company, to revise the payment schedule until 31 December 2022.

#### Note (b)

The amounts due from subsidiaries are non-trade in nature, unsecured, bear interest at rate of 0.11% (2020 - 0.87%) 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 written back expected credit loss of HK\$1,016,000 (2020 - additional provision of HK\$6,474,000) on the non-trade amounts due from a subsidiary.

### 11 Loans and advances

	The Group	
	As at 31/12/21 HK\$'000	As at 31/12/20 HK\$'000
Loans and advances repayable within one year	27,600	64,420
Expected credit losses:		
At beginning	(18,235)	(16,193)
Allowance for expected credit losses	-	(8,946)
Reversal of over provision of impairment	4,165	-
Impairment utilised upon settlement of loans	13,247	-
Write-off	-	8,434
Foreign exchange difference	823	(1,530)
At end	-	(18,235)
<b>Net loans and advances</b>	<b>27,600</b>	<b>46,185</b>

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

# NET PACIFIC FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

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

### 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 2020.

There were no outstanding convertibles as at 31 December 2021 and 31 December 2020.

The Company did not hold any treasury shares as at 31 December 2021 and 31 December 2020. There was no sale, transfer, disposal, cancellation and use of treasury shares during the financial year ended 31 December 2021.

There were no subsidiary holdings as at 31 December 2021 and 31 December 2020. There were no sales, transfers, cancellation and/or use of subsidiary holdings during the financial year ended 31 December 2021.

### 13 Share option reserve

The share option reserve has been reclassified to retained earnings, as the share options under the Net Pacific Employee Share Option Scheme have expired on 8 May 2021.

### 14 Other payables

	The Group		The Company	
	As at 31/12/21 HK\$'000	As at 31/12/20 HK\$'000	As at 31/12/21 HK\$'000	As at 31/12/20 HK\$'000
Accrued operating expenses	8,377	2,477	1,929	1,988

### 15 Borrowings

The Group has no outstanding borrowings and debt securities as at 31 December 2021 and 31 December 2020.

### 16 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

### 17 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 2021 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.

# NET PACIFIC FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

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

- 18 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 2020 was as follows. For details, please refer to Independent Auditors Report for the year ended 31 December 2020 (announced on 7 April 2021).

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

Deed of settlement and release has been entered on 6 August 2021 with the aim of achieving settlement. Please refer to Note 6 and Note 10 for more details.

**(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 2021.

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

- 19 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 lower revenue of HK\$3.3 million in the financial year ended 31 December 2021 ("FY2021"), as compared to the financial year ended 31 December 2020 ("FY2020") due mainly to lower interest income from lower loan portfolio following repayment by certain borrowers.

Other income in FY2021 was lower 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, while other income in FY2020 included the foreign exchange gain of HK\$4.9 million arising from the revaluation of the Group's loan portfolio denominated in Australian Dollars ("AUD" as a result of appreciation of AUD against HK\$ in FY2020.

Total operating expenses of the Group (comprising marketing and distribution costs and administrative expenses) was lower in FY2021 mainly due to higher professional fees incurred in FY2020 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 FY2021 was lower at HK\$2.0 million mainly due to the foreign exchange loss arising from the revaluation of the Group's loan portfolio denominated in AUD as a result of depreciation of AUD against HK\$ in FY2021, while other expenses in FY2020 included the allowance for impairment loss of HK\$8.95 million in respect of the outstanding loan principal receivables from the remaining loans based on the latest information available on such loans.

As a result of the foregoing, the Group reported a profit of HK\$0.5 million in FY2021 as compared to a net loss of HK\$6.3 million in FY2020.

**Consolidated statements of financial position**

Right-of-use assets ("ROU assets") and lease liability were lower as at 31 December 2021 as the Company entered into a new lease in 2021 which is considered as a modification to the existing lease. The lease liability is remeasured by discounting the revised lease payment in accordance with SFRS(I) 16 and making a corresponding adjustment to the ROU assets.

The Group's loan portfolio at HK\$27.6 million as at 31 December 2021, all of which are current, was lower due to the Settlement with the three remaining borrowers in Australia as announced on 6 August 2021.

The Group's other receivables, all current as at 31 December 2021, were higher mainly due to an amount of HK\$32.9 million due from the Intermediary following the Settlement through properties and cash payments.

Other payables and accrued liabilities of the Group were higher mainly due to accrual of expenses related to the Settlement.

# NET PACIFIC FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

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

### Consolidated statements of cash flow

Interest income received in FY2020 was higher as one borrowers settled the quarterly interest due in FY2021 in advance.

Dividend income received in FY2021 was higher based on the payment schedule on outstanding dividend agreed with a customer following full redemption of the FVOCI in FY2020.

Net cash used in operating activities was HK\$0.7 million in FY2021 mainly due to the Group's operating loss before working capital in FY2021.

Net cash generated from investing activities of HK\$1.7 million in FY2020 relates to the partial redemption of capital in the Group's investment in financial assets, at fair value through other comprehensive income which was fully redeemed in the last financial year ended 31 December 2020.

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

In the Company's announcement dated 6 August 2021 in relation to the Settlement mentioned under Note 6, the Settlement is expected to result in a reversal of over provision of impairment of approximately HKD4.7 million which will have a positive impact on the consolidated net tangible assets per share and the consolidated earnings per share of the Group for the current financial year ending 31 December 2021. The financial impact of the reversal of over provision of impairment for two of the loans and gain on settlement of the third loan is computed to be HKD4.2 million upon finalisation of the Settlement. Other than the above, there has been no variance noted between the above-mentioned prospect statement and actual results.

### **21 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**

The economic uncertainty brought about by the COVID-19 pandemic may affect the level of profitability and liquidity of potential and existing customers. The Company will continue to monitor closely the development with no exceptional issues noted at the moment.

The Group had ceased to grant loans in Australia after reaching a settlement with the remaining three borrowers on recovery for the outstanding Australian loans on 6 August 2021 as stated under Note 6 and 10.

As the world continues its fight against the COVID-19 outbreak, the Directors are mindful of the challenging market sentiment and have been making effort to ensure that the Group's investment and credit risks are well managed. The Directors will continue to be prudent in deploying capital as well as executing stringent due diligence for new borrowers in 2022.

The Group will continue to monitor the current COVID-19 situation while ensuring adequate liquidity and financial strength to sustain its operations and business growth. 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.

# NET PACIFIC FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

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

### 22 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 2021 and during the corresponding period ended 31 December 2020. 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 at this juncture 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 2020.

#### **(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

### 23 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 2021.

### 24 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 signed undertakings from all its directors and executive officers based on Appendix 7H of the SGX-ST Catalist Listing Manual.

### 25 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.

### 26 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.



# NET PACIFIC FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

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

### 27 A breakdown of sales

	The Group		
	FY2021 HK\$'000	FY2020 HK\$'000	+ / (-) %
(a) Sales reported for first half year	1,647	1,754	(6)
(b) Operating loss after tax before deducting non-controlling interests reported for first half year	(2,148)	(3,030)	(29)
(c) Sales reported for second half year	1,665	1,700	(2)
(d) Operating profit / (loss) after tax before deducting non-controlling interests reported for second half year	2,683	(3,249)	(183)

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

	FY2021 HK\$'000	FY2020 HK\$'000
Total Annual Dividend	-	-
Ordinary	-	-
Preference	-	-
Total	-	-

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

### 29 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 2021.

### 30 Additional information required pursuant to Rule 706A, if any

Not applicable. The Company did not acquire and/or dispose shares in any companies during FY2021.

### BY ORDER OF THE BOARD

Ong Chor Wei @ Alan Ong  
Chief Executive Officer  
25 February 2022

*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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