

# NET PACIFIC FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Registration Number: 200300326D)

## Condensed Interim Financial Statements For the six months ended 30 June 2021

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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 ended 30 June 2021

	The Group		
	6 months ended 30 June 21 HK\$'000	6 months ended 30 June 20 HK\$'000	% + / (-)
<b>Revenue</b>	<b>1,647</b>	<b>1,754</b>	(6)
Other income	171	43	NM
Administrative expenses	(2,659)	(3,153)	(16)
Other expenses	(1,050)	(1,447)	(27)
<b>Loss before taxation</b>	<b>(1,891)</b>	<b>(2,803)</b>	(33)
Income tax expense	(257)	(227)	13
<b>Loss for the period / year and attributable to the equity holders of the company</b>	<b>(2,148)</b>	<b>(3,030)</b>	(29)
<b>Loss representing comprehensive income for the period and attributable to the equity holders of the company</b>	<b>(2,148)</b>	<b>(3,030)</b>	(29)

NM: Not meaningful

## Earnings / (Loss) per share

	The Group	
	6 months ended 30 June 21	6 months ended 30 June 20
Earnings / (Loss) per ordinary share		
- Basic (Hong Kong cents) [A]	(0.41)	(0.58)
- Diluted (Hong Kong cents) [B]	(0.41)	(0.58)

[A] The calculation of basic earnings / (loss) per ordinary share was based on 525,630,328 shares (HY2020 : 525,630,328 shares) being the weighted average number of ordinary shares in issue during the period.

[B] The calculation of diluted earnings / (loss) per ordinary share was based on 525,630,328 shares (HY2020 : 525,630,328) being the weighted average number of ordinary shares in issue during the period. There were no outstanding share options as at 30 June 2021 as the options were not exercised prior to expiry in May 2021. The outstanding share options as at 30 June 2020 have no dilutive effect on the loss per ordinary share for HY2020 as the options were out of money.

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## B. Condensed interim consolidated statement of financial position

As at 30 June 2021

	Note	The Group		The Company	
		As at 30/06/21 HK\$'000	As at 31/12/20 HK\$'000	As at 30/06/21 HK\$'000	As at 31/12/20 HK\$'000
<b>Non-current assets</b>					
Plant and equipment	9	-	5	-	5
Other receivables	10	2,421	5,067	-	-
Right-of-use assets		143	180	143	180
Investment in subsidiaries		-	-	1,069	1,069
		<b>2,564</b>	<b>5,252</b>	<b>1,212</b>	<b>1,254</b>
<b>Current assets</b>					
Loans and advances	11	45,720	46,185	-	-
Other receivables	10	13,070	10,368	81,014	88,420
Cash and cash equivalents		39,033	41,707	3,553	537
		<b>97,823</b>	<b>98,260</b>	<b>84,567</b>	<b>88,957</b>
<b>Total assets</b>		<b>100,387</b>	<b>103,512</b>	<b>85,779</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		(46,672)	(44,864)	(60,699)	(57,486)
<b>Total Equity</b>		<b>98,433</b>	<b>100,581</b>	<b>84,406</b>	<b>87,959</b>
<b>Non-current liabilities</b>					
Lease liabilities		74	113	74	113
		<b>74</b>	<b>113</b>	<b>74</b>	<b>113</b>
<b>Current liabilities</b>					
Other payables	14	1,428	2,477	1,189	1,988
Lease liabilities		77	75	77	75
Current tax payable		375	266	33	76
		<b>1,880</b>	<b>2,818</b>	<b>1,299</b>	<b>2,139</b>
<b>Total liabilities</b>		<b>1,954</b>	<b>2,931</b>	<b>1,373</b>	<b>2,252</b>
<b>Total equity and liabilities</b>		<b>100,387</b>	<b>103,512</b>	<b>85,779</b>	<b>90,211</b>

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## C. Condensed interim consolidated statement of cash flows

For the six months ended 30 June 2021

	The Group	
	6 months ended 30 June 21 HK\$'000	6 months ended 30 June 20 HK\$'000
<b><u>Cash flows from operating activities:</u></b>		
Loss before taxation	(1,891)	(2,803)
<i>Adjustments for:</i>		
Depreciation of plant and equipment	5	5
Depreciation of right-of-use assets	37	38
Interest income	(1,647)	(1,777)
Interest expense on lease liabilities	4	6
<b>Operating loss before changes in working capital changes</b>	<b>(3,492)</b>	<b>(4,531)</b>
Changes in loans and advances	465	1,804
Changes in other receivables	865	2,057
Changes in other payables	(1,049)	24
<b>Cash (used in) operating activities</b>	<b>(3,211)</b>	<b>(646)</b>
Interest income received	576	670
Dividend income received	150	-
Income tax paid	(148)	(379)
<b>Net cash (used in) operating activities</b>	<b>(2,633)</b>	<b>(355)</b>
<b><u>Cash flows from investing activities:</u></b>		
Proceeds from redemption of financial assets, at FVOCI	-	1,200
<b>Net cash generated from investing activities</b>	<b>-</b>	<b>1,200</b>
<b><u>Cash flows from financing activities:</u></b>		
Payment of principal portion of lease liabilities	(37)	(36)
Interest paid	(4)	(6)
<b>Net cash (used in) financing activities</b>	<b>(41)</b>	<b>(42)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(2,674)</b>	<b>803</b>
Cash and cash equivalents at beginning of the financial period	41,707	34,470
<b>Cash and cash equivalents at end of the financial period</b>	<b>39,033</b>	<b>35,273</b>

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## D. Condensed interim statements of changes in equity

For the six months ended 30 June 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
Total loss and comprehensive loss for the period	-	-	-	(3,030)	(3,030)
<b>As at 30 June 2020</b>	<b>145,105</b>	<b>340</b>	<b>(54)</b>	<b>(41,615)</b>	<b>103,776</b>
As at 1 January 2021	145,105	340	-	(44,864)	100,581
<b>Total comprehensive loss for the period</b>					
Total loss and comprehensive loss for the period	-	-	-	(2,148)	(2,148)
Employee share option scheme	-	(340)	-	340	-
	-	(340)	-	(1,808)	(2,148)
<b>As at 30 June 2021</b>	<b>145,105</b>	<b>-</b>	<b>-</b>	<b>(46,672)</b>	<b>98,433</b>

	Share Capital	Share Option Reserve	Accumulated Losses	Total Equity
<b>The Company</b>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2020	145,105	340	(49,161)	96,284
Total loss and comprehensive loss for the period	-	-	(4,144)	(4,144)
<b>As at 30 June 2020</b>	<b>145,105</b>	<b>340</b>	<b>(53,305)</b>	<b>92,140</b>
As at 1 January 2021	145,105	340	(57,486)	87,959
Total loss and comprehensive loss for the period	-	-	(3,553)	(3,553)
Employee share option scheme	-	(340)	340	-
<b>As at 30 June 2021</b>	<b>145,105</b>	<b>-</b>	<b>(60,699)</b>	<b>84,406</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 Board 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 six months ended 30 June 2021 comprise the financial statements of the Company and its subsidiaries (collectively "**the Group**").

### 2 Basis of preparation

The condensed interim financial statements for the half year ended 30 June 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 for the current reporting period 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 ("**Standards**") 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 11 and 10	- Allowance for expected credit loss (" <b>ECL</b> ") 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 and 11	- Impairment of receivables due from Intermediary and loans and advances

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## 3 Seasonal operations

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

## 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 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 30 June 21 HK\$'000	6 months ended 30 June 20 HK\$'000	6 months ended 30 June 21 HK\$'000	6 months ended 30 June 20 HK\$'000	6 months ended 30 June 21 HK\$'000	6 months ended 30 June 20 HK\$'000
Total revenue by segments	1,647	1,754	-	-	1,647	1,754
<b>External revenue</b>	<b>1,647</b>	<b>1,754</b>	-	-	<b>1,647</b>	<b>1,754</b>
<b>Segment profit / (loss)</b>	<b>60</b>	<b>(850)</b>	-	-	<b>60</b>	<b>(850)</b>
Unallocated expenses					(1,909)	(1,910)
Depreciation of plant and equipment					(5)	(5)
Depreciation of right-of-use assets					(37)	(38)
<b>Loss before tax</b>					<b>(1,891)</b>	<b>(2,803)</b>
Income tax expense					(257)	(227)
<b>Loss for the year</b>					<b>(2,148)</b>	<b>(3,030)</b>
<b>Segment assets</b>	<b>96,625</b>	<b>104,179</b>	-	-	<b>96,625</b>	<b>104,179</b>
Unallocated assets					3,762	2,824
<b>Total assets per statement of financial position</b>					<b>100,387</b>	<b>107,003</b>
<b>Segment liabilities</b>	<b>581</b>	<b>386</b>	-	-	<b>581</b>	<b>386</b>
Current income tax liabilities					33	31
Unallocated liabilities					1,340	2,810
<b>Total liabilities per statement of financial position</b>					<b>1,954</b>	<b>3,227</b>

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## 4.2 Geographical information

	The Group	
	6 months ended 30 June 21 HK\$'000	6 months ended 30 June 20 HK\$'000
	<b>Revenue</b>	
PRC & Hong Kong	1,347	1,454
British Virgin Islands	300	300
	<b>1,647</b>	<b>1,754</b>
<b>Non-current assets</b>		
Singapore	143	227
PRC & Hong Kong	-	-
British Virgin Islands	2,421	3,673
	<b>2,564</b>	<b>3,900</b>

## 5 Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 31 December 2020:

	The Group		The Company	
	As at 30/06/21 HK\$'000	As at 31/12/20 HK\$'000	As at 30/06/21 HK\$'000	As at 31/12/20 HK\$'000
	<b>Financial assets at amortised cost</b>			
Loans and advances	45,720	46,185	-	-
Other receivables <sup>(1)</sup>	15,456	15,399	80,979	88,384
Cash and cash equivalents	39,033	41,707	3,553	537
	<b>100,209</b>	<b>103,291</b>	<b>84,532</b>	<b>88,921</b>
<b>Financial liabilities at amortised cost</b>				
Other payables	1,428	2,477	1,189	1,988
Lease liabilities	151	188	151	188
	<b>1,579</b>	<b>2,665</b>	<b>1,340</b>	<b>2,176</b>

(1) Excludes prepayment



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## 6 Profit before tax

### 6.1 Loss after tax is arrived at after crediting / (charging) the following items:

	The Group	
	6 months ended 30 June 21	6 months ended 30 June 20
	HK\$'000	HK\$'000
Foreign exchange losses	(1,046)	(1,441)
Interest expense on lease liabilities	(4)	(6)
Interest income from fixed deposit	-	23
Other income	171	20
Depreciation of plant and equipment	(5)	(5)
Depreciation of right-of-use assets	(37)	(38)

### 6.2 Related party transactions

There are no related party transactions during the current reporting period.

## 7 Taxation

The Group calculates the current reporting period's 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 30 June 21	6 months ended 30 June 20
	HK\$'000	HK\$'000
<b>Current income tax expense</b>		
Current year	257	227
Under / (over) provision in respect of prior year	-	-
	257	227

## 8 Net asset value

	The Group		The Company	
	As at 30/06/21	As at 31/12/20	As at 30/06/21	As at 31/12/20
	Net asset value per ordinary share (Hong Kong cents)	18.73	19.14	16.06

Net asset value per ordinary share was computed based on the number of ordinary shares outstanding of 525,630,328 shares as at 30 June 2021 (31 December 2020: 525,630,328).

## 9 Plant and equipment

There are no acquisition and disposal of assets during the six months ended 30 June 2021 and 30 June 2020.

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## 10 Other receivables

	The Group		The Company	
	As at 30/06/21 HK\$'000	As at 31/12/20 HK\$'000	As at 30/06/21 HK\$'000	As at 31/12/20 HK\$'000
Interest receivable	25,402	24,954	-	-
Dividend receivable	1,080	1,230	-	-
	26,482	26,184	-	-
Expected credit losses:				
At beginning	(24,858)	(37,906)	-	-
Write-off	-	16,628	-	-
Foreign exchange difference	623	(3,580)	-	-
At end	(24,235)	(24,858)	-	-
Net interest and dividend receivables	2,247	1,326	-	-
Deposits	23	23	15	15
Other receivables (a)	13,186	14,050	15	9
Amounts due from subsidiaries (non-trade) (b)	-	-	134,457	139,697
	15,456	15,399	134,487	139,721
Expected credit losses:				
At beginning	-	-	(51,337)	(44,863)
Allowance for expected credit loss	-	-	(2,171)	(6,474)
At end	-	-	(53,508)	(51,337)
Net other receivables	15,456	15,399	80,979	88,384
Prepayments	35	36	35	36
<b>Total other receivables</b>	<b>15,491</b>	<b>15,435</b>	<b>81,014</b>	<b>88,420</b>
Presented as:				
- Non-current	2,421	5,067	-	-
- Current	13,070	10,368	81,014	88,420
	<b>15,491</b>	<b>15,435</b>	<b>81,014</b>	<b>88,420</b>

**Note (a)** - Other receivables comprise mainly:

- HK\$7,346,000 (31 December 2020 - HK\$7,612,000) due from Intermediary. Included in this balance is mainly receivable arising from the settlement of the loans by two Ultimate Borrowers in Australia to the Intermediary in the form of properties and cash. On 25 June 2019, the Intermediary had entered into Deeds of Settlement and Release ("Deed") with two Ultimate Borrowers pursuant to which it was agreed that the parties to the Deeds 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.

- HK\$5,667,000 (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 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 0.87% (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 provided an additional expected credit loss of HK\$2,171,000 (2020 - HK\$6,474,000) on the non-trade amounts due from a subsidiary.

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## 11 Loans and advances

	The Group	
	As at 30/06/21 HK\$'000	As at 31/12/20 HK\$'000
Loans and advances repayable within one year	63,498	64,420
Expected credit losses:		
At beginning	(18,235)	(16,193)
Allowance for expected credit losses	-	(8,946)
Write-off	-	8,434
Foreign exchange difference	457	(1,530)
At end	(17,778)	(18,235)
<b>Net loans and advances</b>	<b>45,720</b>	<b>46,185</b>

Please also refer to Note 16 Subsequent events 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 2020.

There were no outstanding convertibles as at 30 June 2021 and 31 December 2020.

The Company did not hold any treasury shares as at 30 June 2021 and 31 December 2020. There was no sale, transfer, disposal, cancellation and use of treasury shares during the six months ended 30 June 2021, and as at 31 December 2020.

There were no subsidiary holdings as at 30 June 2021, 31 December 2020 and 30 June 2020.

## 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 30/06/21 HK\$'000	As at 31/12/20 HK\$'000	As at 30/06/21 HK\$'000	As at 31/12/20 HK\$'000
Accrued operating expenses	1,428	2,477	1,189	1,988

## 15 Borrowings

The Group has no outstanding borrowings and debt securities as at 30 June 2021 and 31 December 2020.

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## 16 Subsequent events

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 “Deed of Settlement and Release”) 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 Deed of Settlement and Release shall resolve all their disputes on the terms and conditions set out in the Deed of Settlement and Release 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 HKD18,235,000 based on the progress of the negotiation with the Borrowers up to the financial year ended 31 December 2020, the Settlement is expected to result in a write back of impairment of approximately HKD4,700,000 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.

## F. OTHER INFORMATION PURSUANT TO APPENDIX 7C OF THE 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 30 June 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 six-month period ended 30 June 2021 and the explanatory notes have not been audited or reviewed by the Company's auditors.

### 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 below. 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 loans to Australian borrowers

These loans have been settled on 6 August 2021. Please refer to Note 16 on subsequent events 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 HY2021.

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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- 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\$1.6 million in the half year ended 30 June 2021 ("HY2021"), as compared to the half year ended 30 June 2020 ("HY2020") due mainly to lower interest income from a smaller loan portfolio following partial repayment of the Group's loans by certain borrowers and absence of new loans granted.

Total operating expenses of the Group was lower at HK\$2.66 million in HY2021 mainly due to higher professional fees incurred in HY2020 as the Group had been seeking advice from the legal advisors and consultants on ways to settle the loans from Australian borrowers.

The decrease in other expenses relate mainly to the foreign exchange loss arising from the revaluation of the Group's loan portfolio denominated in AUD as a result of greater depreciation of AUD against HK\$ in HY2020 compared to HY2021.

As a result of the foregoing, the Group reported a lower loss of HK\$2.1 million in HY2021 as compared to a net loss of HK\$3.0 million in HY2020.

## **Consolidated statements of financial position**

The Group's total loans and advances, mainly to customers in Australia and the PRC, amounted to HK\$45.7 million as at 30 June 2021, all of which are current assets.

The Group's other receivables, both current and non-current, were marginally higher as at 30 June 2021 as compared to 31 December 2020, mainly due to higher interest receivables which arose from one borrower settling the outstanding interest after 30 June 2021, partially offset by settlement by the purchaser of the Group's financial assets at fair value through profit or loss in HY2021.

Other payables and accrued liabilities of the Group were lower mainly due to lower accrual of payroll related expenses following paycut measures in 2020.

## **Consolidated statements of cash flow**

Net cash used in operating activities was HK\$2.6 million in HY2021 mainly due to the Group's operating loss before working capital in HY2021.

Net cash generated from investing activities of HK\$1.2 million in HY2020 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.

The Board confirms that the Group is able to meet its short term debt obligations when they fall due in view of the Group's cash and cash equivalent of HK\$39.0 million and there being no outstanding borrowings as at 30 June 2021.

- 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 16 on subsequent events, the Settlement is expected to result in a write back of impairment of approximately HKD4,700,000 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 write back will be reflected in the financial results for the second half of 2021.

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**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 affects the financials 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 increase its exposure in Australia and reached a settlement with the remaining three borrowers for the Australian loans on 6 August 2021 as stated under Note 16 on subsequent events.

As the world continues its fight against the COVID-19 outbreak, the Directors are mindful of the challenging market sentiment and have been making efforts 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 on new borrowers in 2021.

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.

**22 Dividend**

If a decision regarding dividend has been made:

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

No dividends were paid or declared during the financial period ended 30 June 2021 and during the corresponding financial period ended 30 June 2020 because the Group was not profitable in HY2021.

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

Not applicable. No dividend was declared or recommended for the previous corresponding period ended 30 June 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 a value of S\$100,000 and above entered into during the financial period ended 30 June 2021.

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## 24 Negative confirmation pursuant to Rule 705(5)

The board of directors confirms that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of the Group for the half year ended 30 June 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Zhou Wen Jie  
Non-Independent Non-Executive Director

Ong Chor Wei @ Alan Ong  
Executive Director & Chief Executive Officer

## 25 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.

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

Not applicable. The Company did not acquire and/or dispose shares in any companies during HY2021.

### BY ORDER OF THE BOARD

Ong Chor Wei @ Alan Ong  
Executive Director & Chief Executive Officer  
11 August 2021

*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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