

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 2023

Pursuant to Rule 705(2C) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst (the "Catalist Rules"), the Company is required to announce its quarterly financial statements in view of the qualified opinion and disclaimer of opinion issued by the Company's auditors in the audited financial statements for the financial year ended 31 December 2022 and the latest audited financial statements for the financial year ended 31 December 2023 respectively.

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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 2023

	The Group					
	6 months ended 31/12/23	6 months ended 31/12/22	% + / (-)	12 months ended 31/12/23	Audited 12 months ended 31/12/22	% + / (-)
	HK\$'000	HK\$'000		HK\$'000	HK\$'000	
Revenue	1,680	1,665	0.9	3,327	3,312	0.5
Other income	1,146	57	1,910.5	657	352	86.6
Administrative expenses	(4,500)	(2,471)	82.1	(7,428)	(4,805)	54.6
Other expenses	(10)	(474)	(97.9)	(33)	(2,138)	(98.5)
Loss before taxation	(1,684)	(1,223)	37.7	(3,477)	(3,279)	6.0
Income tax credit / (expense)	131	(2)	NM	(76)	(243)	(68.7)
Loss representing comprehensive income for the year and attributable to the equity holders of the company	(1,553)	(1,225)	26.8	(3,553)	(3,522)	0.9

NM: Not meaningful

Loss per share

	The Group			
	6 months ended 31/12/23	6 months ended 31/12/22	12 months ended 31/12/23	Audited 12 months ended 31/12/22
Loss per ordinary share				
- Basic (Hong Kong cents) [A]	(0.30)	(0.23)	(0.68)	(0.67)
- Diluted (Hong Kong cents) [B]	(0.30)	(0.23)	(0.68)	(0.67)

[A] The calculation of basic (loss) / earnings per ordinary share was based on 525,630,328 shares (2022 : 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 (2022 : 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 2023 and 31 December 2022 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 2023

	Note	The Group		The Company	
		As at 31/12/23	Audited As at 31/12/22	As at 31/12/23	Audited As at 31/12/22
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets					
Plant and equipment	9	608	9	3	9
Other receivables	10	3,671	3,671	-	-
Right-of-use assets	11	2,028	-	-	-
Investment in subsidiaries		-	-	1,169	1,069
		6,307	3,680	1,172	1,078
Current assets					
Loans and advances	12	27,600	27,600	-	-
Other receivables	10	22,244	33,051	75,038	79,646
Cash and cash equivalents		47,246	38,827	1,108	805
		97,090	99,478	76,146	80,451
Total assets		103,397	103,158	77,318	81,529
Equity attributable to owners of the Company					
Share capital	13	145,105	145,105	145,105	145,105
Accumulated losses		(51,064)	(47,511)	(69,909)	(65,087)
Total Equity		94,041	97,594	75,196	80,018
Non-current liabilities					
Lease liabilities	14	1,499	-	-	-
		1,499	-	-	-
Current Liabilities					
Other payables	15	7,222	5,376	2,122	1,511
Lease liabilities	14	536	-	-	-
Current tax payable		99	188	-	-
		7,857	5,564	2,122	1,511
Total liabilities		9,356	5,564	2,122	1,511
Total equity and liabilities		103,397	103,158	77,318	81,529

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C. Condensed interim consolidated statement of cash flows For the full year ended 31 December 2023

	The Group	
	12 months ended 31/12/23 HK\$'000	Audited 12 months ended 31/12/22 HK\$'000
Cash flows from operating activities:		
Loss before taxation	(3,477)	(3,279)
<i>Adjustments for:</i>		
Depreciation of plant and equipment	17	6
Depreciation of right-of-use assets	49	33
Interest income	(3,312)	(3,312)
Interest expense on lease liabilities	10	-
Unrealised exchange differences	(289)	476
Operating loss before changes in working capital changes	(7,002)	(6,076)
Changes in other receivables	10,647	5,238
Changes in other payables	1,846	(3,001)
Cash generated from / (used in) operating activities	5,491	(3,839)
Interest income received	3,312	2,223
Dividend income received	160	240
Income tax paid	(165)	(179)
Net cash generated from / (used in) operating activities	8,798	(1,555)
Cash flows from investing activities:		
Acquisition of plant and equipment	(616)	-
Net cash used in investing activities	(616)	-
Cash flows from financing activities:		
Payment of principal portion of lease liabilities	(52)	(33)
Net cash used in financing activities	(52)	(33)
Net increase / (decrease) in cash and cash equivalents	8,130	(1,588)
Cash and cash equivalents at beginning of year	38,827	40,891
Effect of exchange rate changes on cash and cash equivalents	289	(476)
Cash and cash equivalents at end of year	47,246	38,827

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D. Condensed interim statements of changes in equity

For the full year ended 31 December 2023

	Company		
	Share Capital	Accumulated Losses	Total Equity
The Group	HK\$'000	HK\$'000	HK\$'000
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
As at 1 January 2023	145,105	(47,511)	97,594
Loss for the year *	-	(3,553)	(3,553)
As at 31 December 2023	145,105	(51,064)	94,041

	Share Capital	Accumulated Losses	Total Equity
	HK\$'000	HK\$'000	HK\$'000
The Company			
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
As at 1 January 2023	145,105	(65,087)	80,018
Loss for the year *	-	(4,822)	(4,822)
As at 31 December 2023	145,105	(69,909)	75,196

* 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 and the sale of golf simulators and the operation of golf simulator venues in the PRC.

The condensed interim consolidated financial statements as at and for the financial year ended 31 December 2023 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 2023 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 2022 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 2022, 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) ("**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 2022 and the interim reports for first quarter ended 31 March 2023, half year ended 30 June 2023, and third quarter ended 30 September 2023.

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 12 - 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.

The Group had ceased to grant loans, and thus its exposure in Australia after reaching a settlement with the remaining borrowers on the recovery of the outstanding Australian loans as announced on 6 August 2021.

(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.

(3) Golf Business

The Group had on 1 December 2023 announced the completion of the acquisition of 100% of the total issued and paid-up share capital of Ben Sports and Management Limited and its subsidiary to diversify and engage in the sale of golf simulators and the operation of golf simulator venues in the PRC. Please refer to more details under Note 6.2.

4.1 Reportable segments

	Financing Business		Investment		Golf Business		Consolidated	
	6 months ended 31/12/23 HK\$'000	6 months ended 31/12/22 HK\$'000	6 months ended 31/12/23 HK\$'000	6 months ended 31/12/22 HK\$'000	6 months ended 31/12/23 HK\$'000	6 months ended 31/12/22 HK\$'000	6 months ended 31/12/23 HK\$'000	6 months ended 31/12/22 HK\$'000
Total revenue by segments	1,665	1,665	-	-	15	-	1,680	1,665
External revenue	1,665	1,665	-	-	15	-	1,680	1,665
Segment profit	1,853	565	-	-	(263)	-	1,590	565
Unallocated expenses							(3,211)	(1,785)
Depreciation of plant and equipment							(14)	(3)
Depreciation of right-of-use assets							(49)	-
Loss before tax							(1,684)	(1,223)
Income tax credit / (expense)							131	(2)
Loss for the year							(1,553)	(1,225)
Segment assets	91,656	102,277	-	-	10,567	-	102,223	102,277
Unallocated assets							1,174	881
Total assets per statement of financial position							103,397	103,158
Segment liabilities	3,889	4,052	-	-	3,345	-	7,234	4,052
Unallocated liabilities							2,122	1,512
Total liabilities per statement of financial position							9,356	5,564

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

4.1 Reportable segments (contd)

	Financing Business		Investment		Golf Business		Consolidated	
	12 months ended 31/12/23 HK\$'000	12 months ended 31/12/22 HK\$'000	12 months ended 31/12/23 HK\$'000	12 months ended 31/12/22 HK\$'000	12 months ended 31/12/23 HK\$'000	12 months ended 31/12/22 HK\$'000	12 months ended 31/12/23 HK\$'000	12 months ended 31/12/22 HK\$'000
Total revenue by segments	3,312	3,312	-	-	15	-	3,327	3,312
External revenue	3,312	3,312	-	-	15	-	3,327	3,312
Segment profit	2,199	317	-	-	(263)	-	1,936	317
Unallocated expenses							(5,347)	(3,557)
Depreciation of plant and equipment							(17)	(6)
Depreciation of right-of-use assets							(49)	(33)
Loss before tax							(3,477)	(3,279)
Income tax expense							(76)	(243)
Loss for the year							(3,553)	(3,522)
Segment assets	91,656	102,277	-	-	10,567	-	102,223	102,277
Unallocated assets							1,174	881
Total assets per statement of financial position							103,397	103,158
Segment liabilities	3,889	4,052	-	-	3,345	-	7,234	4,052
Unallocated liabilities							2,122	1,512
Total liabilities per statement of financial position							9,356	5,564

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 31/12/23 HK\$'000	6 months ended 31/12/22 HK\$'000	12 months ended 31/12/23 HK\$'000	12 months ended 31/12/22 HK\$'000
Interest income				
PRC & Hong Kong	1,380	1,365	2,727	2,712
British Virgin Islands	300	300	600	600
	1,680	1,665	3,327	3,312

	The Group	
	As at 31/12/23	As at 31/12/22
Non-current assets		
Singapore	3	9
PRC & Hong Kong	2,633	-
British Virgin Islands	3,671	3,671
	6,307	3,680

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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 2023 and 31 December 2022:

	The Group		The Company	
	As at 31/12/23 HK\$'000	As at 31/12/22 HK\$'000	As at 31/12/23 HK\$'000	As at 31/12/22 HK\$'000
Financial assets at amortised cost				
Loans and advances	27,600	27,600	-	-
Other receivables ⁽¹⁾	25,884	36,678	75,007	79,602
Cash and cash equivalents	47,246	38,827	1,108	805
	100,730	103,105	76,115	80,407
Financial liabilities at amortised cost				
Other payables	7,222	5,376	2,122	1,511
Lease liabilities	2,035	-	-	-
	9,257	5,376	2,122	1,511

(1) Excludes prepayment

6 Loss after tax

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

	The Group			
	6 months ended 31/12/23 HK\$'000	6 months ended 31/12/22 HK\$'000	12 months ended 31/12/23 HK\$'000	12 months ended 31/12/22 HK\$'000
Foreign exchange differences	665	(474)	(23)	(2,138)
Interest expense on lease liabilities	(10)	-	(10)	-
Interest income from fixed deposit	49	5	64	5
Other income	432	52	593	352
Depreciation of plant and equipment	(14)	(3)	(17)	(6)
Depreciation of right-of-use assets	(49)	-	(49)	(33)

6.2 Related party transactions

The Group had on 25 September 2023 entered into a sale and purchase agreement with Mr Ben Lee, a Non-Independent Non-Executive Director of the Company, to acquire 100% of the total issued and paid-up share capital of Ben Sports and Management Limited and its subsidiary at HK\$0.1 million ("**Consideration**") to diversify and engage in the sale of golf simulators and the operation of golf simulator venues in the PRC ("**Acquisition**") ("**Golf Business**"). The Group will also acquire certain fixed assets from the previous group which the Company deems necessary and/or suitable for the proper operation of the Golf Business at HK\$0.6 million ("**Asset Purchase Price**"). The aggregate of the Consideration and the Asset Purchase Price amounted to HK\$0.7m.

As the aggregate of the Consideration and the Asset Purchase Price against the Group's latest audited NTA as at 31 December 2022 is approximately 0.72% and there are no other interested person transactions between Mr Ben Lee and his associates (as defined under the Catalist Rules) and the Company in the financial year ended 31 December 2023, shareholders' approval is not required for the Acquisition.

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

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 31/12/23 HK\$'000	6 months ended 31/12/22 HK\$'000	12 months ended 31/12/23 HK\$'000	12 months ended 31/12/22 HK\$'000
	Current income tax expense			
Current year	37	170	244	411
Over provision in respect of prior year	(168)	(168)	(168)	(168)
	(131)	2	76	243

8 Net asset value

	The Group		The Company	
	As at 31/12/23	As at 31/12/22	As at 31/12/23	As at 31/12/22
	Net asset value per ordinary share (Hong Kong cents)	17.89	18.57	14.31

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 2023 (31 December 2022: 525,630,328).

9 Plant and equipment

During the financial year ended 31 December 2023, the Group acquired assets amounting to HK\$616,000 under the Golf Business as explained under Note 6.2 above. There were no acquisition during the financial year ended 31 December 2022, and no disposal of assets during the financial years ended 31 December 2023 and 31 December 2022.

10 Other receivables

	The Group		The Company	
	As at 31/12/23 HK\$'000	As at 31/12/22 HK\$'000	As at 31/12/23 HK\$'000	As at 31/12/22 HK\$'000
Interest receivable	1,185	1,185	-	-
Dividend receivable	480	640	-	-
	1,665	1,825	-	-
Net interest and dividend receivables	1,665	1,825	-	-
Deposits	177	23	15	15
Other receivables (a)	24,042	34,830	18	9
Amounts due from subsidiaries (non-trade) (b)	-	-	134,508	134,078
	25,884	36,678	134,541	134,102
Expected credit losses:				
At beginning	-	-	(54,500)	(50,321)
Allowance for expected credit loss	-	-	(5,034)	(4,179)
At end	-	-	(59,534)	(54,500)
Net other receivables	25,884	36,678	75,007	79,602
Prepayments	31	44	31	44
Total other receivables	25,915	36,722	75,038	79,646
Presented as:				
- Non-current	3,671	3,671	-	-
- Current	22,244	33,051	75,038	79,646
	25,915	36,722	75,038	79,646

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

10 Other receivables (contd)

Note (a) - Other receivables comprise mainly:

- HK\$19,867,000 (31 December 2022 - HK\$30,337,000) due from Jetwin Investment Pty Limited ("**Intermediary**") which facilitated the Group in granting loans to borrowers located in Australia/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: The amount is secured, interest-free and repayable on demand.

(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.

(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\$4,147,000 (31 December 2022 - HK\$4,307,000) 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 2023, the external buyer has requested with the concurrence of the Company, to revise the instalment payments until 31 December 2025.

Note (b)

The amounts due from subsidiaries are non-trade in nature, unsecured, bear interest at rate of 4.31% ^(*) (2022 - 1.65%) 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\$5,034,000 (2022 - HK\$4,179,000) on the non-trade amounts due from a subsidiary.

() The interest rate is based on Hong Kong Interbank offered rate.*

11 Right-of-use assets

The Group	Golf simulator venue HK\$'000
<u>Cost</u>	
As at 1 January 2023	-
Addition	2,077
As at 31 December 2023	2,077
<u>Accumulated depreciation</u>	
As at 1 January 2023	-
Depreciation	49
As at 31 December 2023	49
Carrying amount	2,028

The leases in 2023 are for the operation of golf simulator venues in the PRC. The lease contracts are for fixed periods of 40 to 46 months with effect from 1 December 2023, which is the completion date of the Acquisition as disclosed under Note 6.2.

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 for the office premises.

Information about the Group's leasing activities are disclosed in Note 14.

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

12 Loans and advances

	The Group	
	As at 31/12/23 HK\$'000	As at 31/12/22 HK\$'000
Loans and advances repayable within one year	27,600	27,600
Net loans and advances	27,600	27,600

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

13 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 2022.

There were no outstanding convertibles as at 31 December 2023 and 31 December 2022.

The Company did not hold any treasury shares as at 31 December 2023 and 31 December 2022. There was no sale, transfer, disposal, cancellation and use of treasury shares during the financial year ended 31 December 2023.

There were no subsidiary holdings as at 31 December 2023 and 31 December 2022. There were no sales, transfers, cancellation and/or use of subsidiary holdings during the financial year ended 31 December 2023.

14 Lease liabilities

	The Group	
	As at 31/12/23 HK\$'000	As at 31/12/22 HK\$'000
Presented as:		
- Non-current	1,499	-
- Current	536	-
	2,035	-
Movement of the lease liabilities as follows:		
As at beginning of year	-	-
Additions	2,077	-
Lease payments - principal portions	(52)	-
Interest expense on lease liabilities	10	-
	2,035	-

15 Other payables

	The Group		The Company	
	As at 31/12/23 HK\$'000	As at 31/12/22 HK\$'000	As at 31/12/23 HK\$'000	As at 31/12/22 HK\$'000
Accrued operating expenses	7,222	5,376	2,122	1,511

16 Borrowings

The Group has no outstanding borrowings and debt securities as at 31 December 2023 and 31 December 2022.

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17 Subsequent events

On 2 February 2024, the Company announced that it had entered into a joint venture agreement (“**JVA**”) with Mr. Ben Lee, a Non-Independent Non-Executive Director of the Company (“**Joint Venture**”). Further to the JVA, a joint venture company, Net Industrial International Company Limited (“**JV Company**”), has been incorporated in the HKSAR. Pursuant to the JVA, the Company is the majority shareholder, holding 80% interest of the JV Company, while Ben will own the remaining 20%. It was also announced by the Company on the same day that the JV Company had entered into a share transfer agreement to acquire Mr Ben Lee’s 51% of the total issued and paid-up share capital of Saint Pearl Travel Products (Guangdong) Co., Ltd. (“**Target Company**”) (“**Acquisition**”, together with the Joint Venture, the “**Proposed Joint Venture and Acquisition**”), currently a wholly-owned subsidiary of Jiangmen Limingzhu Technology Co., Ltd (“Jiangmen Limingzhu”), a portion of which is held on trust for Mr. Ben Lee. The JV Company has also entered into a shareholders’ agreement on the same day with Jiangmen Limingzhu and the Target Company to give effect to the intentions of the JV Company and Jiangmen Limingzhu, and to record and regulate their rights and obligations inter se as shareholders of the Target Company in conduct of the business and affairs of the Target Company. The Target Company is in the business of independent research, design, production, and sale of travel hard cases made from polypropylene and polycarbonate and other innovative materials, offering a comprehensive set of travel product. The Company had on 23 February 2024 convened an extraordinary general meeting (“**EGM**”) to seek approval of shareholders in relation to the Proposed Joint Venture and Acquisition and also proposed diversification to include the Golf and Luggage Business. Both resolutions were passed unanimously at the EGM.

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

18 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 2023 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.

19 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 Auditors issued a disclaimer of opinion in relation to the following in the annual report for the financial year ended 31 December 2022 (“**FY2022**”). For details, please refer to Independent Auditors Report for the year ended 31 December 2022 announced on 13 June 2023.

(1) Completeness of related party disclosures

(2) Control of specified assets and liabilities in Jetwin Investment Pty Ltd (“**Jetwin**”)

(3) Classification and measurement of amounts owing from Jetwin

The Company addressed the above in the announcement on Disclaimer of Opinion by auditors on the consolidated financial statements for FY2022 released on 13 June 2023, and would like to provide an update on the following:

(a) Up to 31 December 2023, AUD2 million or approximately HKD10.4 million in the trust account held in trust by an Australian law firm has been remitted to a bank account in Hong Kong under the Group. This has reduced amount receivable from Jetwin from HKD30.3 million as at 31 December 2022, to HKD19.9 million as at 31 December 2023.

(b) The remaining balance will be repaid via sales proceeds from disposal of the properties that were transferred to Jetwin as partial settlement of loans to borrowers in Perth, Western Australia. As at 31 December 2023, all of the five completed units are sold, of which considerations for three units have been received by Jetwin. The Company will work out with Jetwin to remit the sales proceeds net off expenses once the remaining two units are settled.

As for the units under construction, we updated in November 2023 that the completion date has been delayed by another 12 - 20 months as the construction sector in Perth, Western Australia is under immense pressure due to lack of building materials, lack of qualified trades people and general labour shortages. Pursuant to the relevant clauses in Deed 2021 dated 6 August 2021*, Company together with Jetwin have decided to issue Notice of Dispute to the Borrowers in relation to the delayed completion dates.

As there has been no update from the builder for the three units and given the protracted negotiations that have occurred, the Credit Committee is of the view that the mediation is unlikely to yield a satisfactory outcome, unless some new points of argument can be raised or different strategy can be implemented. The Credit Committee has decided that it will be more constructive to obtain further advice from barrister on the prospect of success in relation to the arguments concerning the commencement date of the construction works and the liquidated damages stipulated under Deed 2021 dated 6 August 2021. The Company expects to receive the advice before end of March 2024, and will update shareholders as and when appropriate.

(* please refer to Note 10(a) for details on Deed 2021.

(4) Accuracy of the expected credit losses, gain on settlement and foreign exchange differences of the loans to Australian borrowers in respect of the financial year ended 31 December 2021

(5) Accuracy of the expected credit loss of the amounts due from a subsidiary – Company level

The audited financial statements for financial year ended 31 December 2021 dated 11 April 2022 included a similar qualification on point 4 and 5. As such the auditors’ opinion in the financial statements for FY2022 is also modified because of the possible effects of the above matters on the comparability of the current year’s figures and corresponding figures.

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)

- 20 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 2023 ("FY2023"), which is comparable to that in the financial year ended 31 December 2022 ("FY2022") as the Group's loan portfolio has remained the same. While the Group diversified into the Golf Business in December 2023, the contribution from the new business is not material.

Total administrative expenses of the Group was higher in FY2023 as compared to FY2022 mainly due to higher professional fees incurred in FY2023 as the Group had been exploring and reviewing investment opportunities to diversify its business.

Other expenses relate mainly to the foreign exchange loss arising from the revaluation of the Group's other receivables and bank balances denominated in Australian Dollars ("AUD") as AUD continued to depreciate in FY2023, though at a slower rate as compared to that in FY2022.

Other income in the second half year ended 31 December 2023 ("2H2023") was higher as it included (a) a gain on disposal of completed units as explained under Note 19, and (b) a reversal of foreign exchange loss of HK\$0.7 million in 2H2023 as the AUD depreciated at a slower rate in 2H2023 as compared to first half ended 30 June 2023.

As a result of the foregoing, the Group reported a net loss of HK\$3.6 million in FY2023 as compared to a net loss of HK\$3.5 million in FY2022.

Consolidated statements of financial position

Current Assets

The Group's loan portfolio at HK\$27.6 million as at 31 December 2023, all of which are current, are the same as that as at 31 December 2022.

The Group's other receivables, both current and non-current as at 31 December 2023, were lower mainly due to repayment by the intermediary as explained under Note 19 (a) above.

Non-Current Assets

Plant and equipment was higher as at 31 December 2023 due to purchase of assets under the Golf Business as explained under Note 6.2.

Right-of-use assets and corresponding lease liabilities as at 31 December 2023 refer to new leases for the operation of golf simulator venues in the PRC following the completion of Acquisition on 1 December 2023.

Current Liabilities

Other payables and accrued liabilities of the Group were higher as at 31 December 2023 mainly due to amount payable in relation to the Asset Purchase Price of HK\$0.6 million as disclosed under Note 6.2 and higher accrual of professional expenses in relation to the acquisition of Luggage Business as detailed under Note 22 below, in addition to the accrual of other operating expenses including directors' fees, bonus, audit fees etc as at 31 December 2023.

Lease liabilities of HK\$2.0 million as at 31 December 2023, of which HK\$1.5m is non-current, refers to new leases for the operation of golf simulator venues in the PRC following the completion of Acquisition on 1 December 2023. Please refer to Note 14 for more details.

Consolidated statements of cash flow

Net cash generated from operating activities was HK\$8.8 million in FY2023 mainly due to payment from the Intermediary (as explained under Note 19) offset partially by the Group's operating loss before working capital in FY2023.

Net cash used in investing activities was HK\$0.6million in FY2023 refers to purchase of assets under the Golf Business as explained under Note 6.2 above.

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\$47.2 million and no outstanding borrowings as at 31 December 2023.

- 21 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

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

22 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 global economic outlook remains uncertain amidst the weak growth recovery and uncertainty of the evolution of the geopolitical tensions. However, with the re-opening of China, the economy expects a boost from global activities ⁽¹⁾. To-date, no exceptional issues arising from our customers were noted and we will continue to maintain a close watch on any developments that may affect and impact our customers' operations and business.

The Board holds the view that acquiring controlling stakes in operating businesses would offer greater growth potential, primarily due to the possibility of higher profit margin compared to the financing business. Additionally, obtaining bank loans for operating businesses is comparatively easier since the turnover and total assets of the company are recorded in the books of the Company. By securing additional funds through bank loans, the company can effectively utilize more working capital, thereby enhancing returns for both the business and its shareholders.

As disclosed under Note 6.2 above, the Group has expanded into the Golf Business upon completion of the Acquisition on 1 December 2023. The Company had on 23 February 2024 convened an EGM to seek approval of shareholders in relation to the Proposed Joint Venture and Acquisition and also proposed diversification to include the Golf and Luggage Business. Both resolutions were passed unanimously at the EGM.

(1) <https://www.oecd.org/newsroom/global-economic-outlook-improving-albeit-to-a-low-growth-recovery.htm>

23 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 period ended 31 December 2023 because the Group was not profitable in FY2023. Also, the Company would like to preserve cash for acquisition of Luggage Business, and other opportunities, if any.

(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 2022.

(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

24 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.

NET PACIFIC FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

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

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 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.

27 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.

28 A breakdown of sales

	The Group		
	FY2023 HK\$'000	FY2022 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	(2,000)	(2,297)	(13)
(c) Sales reported for second half year	1,680	1,665	1
(d) Operating loss after tax before deducting non-controlling interests reported for second half year	(1,553)	(1,225)	27

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

	FY2023	FY2022
	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.

30 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 2023.

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

Other than as disclosed under Note 6.2 above, the Company did not acquire and/or dispose shares in any companies during FY2023.

BY ORDER OF THE BOARD

Ong Chor Wei @ Alan Ong
Chief Executive Officer
26 February 2024

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

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