

**APPLICATION FOR AN EXTENSION OF TIME TO COMPLY WITH RULES 707(1), 707(2), 711A AND 705(2)(d) OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (THE “SGX-ST”) LISTING MANUAL (SECTION B: RULES OF CATALIST) (THE “CATALIST RULES”)**

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**1. INTRODUCTION**

- 1.1 The Board of Directors (the “**Board**”) of Net Pacific Financial Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company had on 14 April 2023, submitted an application through its Sponsor, PrimePartners Corporate Finance Pte. Ltd. to the Singapore Exchange Regulation Pte. Ltd. (“**SGX RegCo**”) for an extension of time to comply with:
- a. Rules 707(1), 707(2) and 711A of the Catalist Rules in relation to the financial year ended 31 December 2022 (“**FY2022**”); and
  - b. Rule 705(2)(d) of the Catalist Rules in relation to the release of its unaudited financial statements for the first quarter ended 31 March 2023 (“**1Q2023**”).
- 1.2 Pursuant to Rules 707(1), 707(2), 711A and 705(2)(d) of the Catalist Rules, the Company must:
- a. hold its annual general meeting (“**AGM**”) for FY2022 on or before 30 April 2023 (i.e., within four (4) months from the end of the Company’s financial year);
  - b. issue its annual report for FY2022 (“**FY2022 AR**”) to shareholders and the SGX-ST by 15 April 2023 (i.e., at least fourteen (14) days before the date of its AGM);
  - c. issue its sustainability report for FY2022 (“**FY2022 SR**”) by 30 April 2023 (i.e., no later than four (4) months after the end of its financial year); and
  - d. announce its unaudited financial statements for 1Q2023 (“**1Q2023 Results Announcement**”) by 15 May 2023 (i.e., no later than forty-five (45) days after the relevant financial period).
- 1.3 Accordingly, the Company is seeking an extension of time from the SGX RegCo, in relation to the following:
- a. a 60 days extension to hold its AGM for FY2022 by 29 June 2023 instead of the prescribed timeline of 30 April 2023 under Rule 707(1) of the Catalist Rules;
  - b. a 60 days extension to issue its FY2022 AR by 14 June 2023 instead of the prescribed timeline of 15 April 2023 under Rule 707(2) of the Catalist Rules;
  - c. a 45 days extension to issue its FY2022 SR by 14 June 2023 instead of the prescribed timeline of 30 April 2023 under Rule 711A of the Catalist Rules; and

- d. a 30 days extension to announce its 1Q2023 Results Announcement by 13 June 2023 instead of the prescribed timeline of 15 May 2023 under Rule 705(2)(d) of the Catalist Rules,

(collectively, the “**Extension Application**”).

## 2. RATIONALE FOR THE EXTENSION APPLICATION

2.1 The Company’s external auditors, Foo Kon Tan LLP (“**FKT**”), has requested for the Extension Application due to the following reasons (please see FKT’s email dated 11 April 2023, attached herewith at **Appendix A**):

- a. During the course of audit by FKT of the Group’s FY2022 financial statements, it was observed that the rental income arising from the leasing of properties (being assets received under the debt settlement) has been recorded as other income in the Group’s financial statements. Further, it was noted that (i) the rental income will be allocated based on a specific loan disbursement ratio between the Group and another loan provider, and (ii) the Group has also contributed towards the ongoing maintenance costs and expenses associated with the properties received under the debt settlement which are currently held by Jetwin Investment Pty Ltd (“**Jetwin**”). Management has asserted that Jetwin is the Intermediary to the Group and had previously entered into deed of settlement and release with the Australian Borrowers pursuant to which it was agreed that the parties to the deed settlement would release each other from the performance of any and all of their obligations under the loan agreements entered into between the Intermediary and the Australian Borrowers. In light of the above, it may have an impact on the current classification of the amounts due from Jetwin which are measured at amortised cost (“**Classification at Amortised Cost**”). A financial asset is any asset that is: (a) cash; (b) an equity instrument of another entity; (c) a contractual right: (i) to receive cash or another financial asset from another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity. Financial assets at amortised costs are measured at the amount recognised at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount, and any loss allowance. A financial asset shall be measured at amortised cost if both of the following conditions are met: (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- b. In light of Points (i) and (ii) above, there might be a potential change in interpretation of the Group’s business model for (i) managing the financial asset (i.e., the amounts due from Jetwin) (the “**Financial Asset**”) and (ii) the contractual cash flow characteristics of the Financial Asset. Specifically, Management will have to evaluate whether the Classification at Amortised Cost is still appropriate after the settlement of the debts with the Australian borrowers as the contractual terms of the Financial Asset may give rise to cash flows which may not exclusively represent payments of principal and interest on the outstanding principal amount, taking into account factors such as the fact that no interest is being charged on the outstanding amounts due from Jetwin, and credit risks the Group has to undertake given that the recovery of the debt is dependent upon the underlying value of the properties.
- c. Accordingly, in the event that the Classification at Amortised Cost is not appropriate, Management will need to assess the appropriate accounting treatment for the Financial Assets. If the impact on the financials is material, prior year’s classification may be impacted

and a separate fair valuation exercise over the underlying Financial Assets may be warranted.

- d. In view of the foregoing, FKT has advised that an extension of time of 60 days is required for:
  - i. the Management to perform the re-assessment of the current accounting treatment in relation to the Financial Assets;
  - ii. valuation work to be conducted by the Company's external expert; and
  - iii. FKT to review the appropriateness of the valuation methodology and reasonableness of the underlying assumptions and parameters applied, before concluding on the appropriate accounting, classification and measurement of the Financial Asset.
- e. The sustainability report makes reference to its annual report for the relevant financial year to provide shareholders with a complete and comprehensive view of the Group's activities. Accordingly, the FY2022 SR should be read in conjunction with the FY2022 AR. In this regard, as additional time is required to issue the FY2022 AR, additional time will also be required for the Company to prepare and issue its FY2022 SR.
- f. In addition, it is noted that the 1Q2023 Results Announcement is dependent on the FY2022 audited financial statements (in particular, the closing balances contained in the FY2022 AR form the opening figures in the 1Q2023 Results Announcement). Accordingly, in light of the delay in the FY2022 audit process as set out above, this will impact the Company's preparation of the 1Q2023 Results Announcement.
- g. Lastly, after the completion of the audit, the Company will require time to complete the administrative and procedural matters in relation to the convening of the AGM.

2.2 The Company confirms that the Extension Application does not contravene any laws and regulations governing the Company and constitutional documents of the Company.

### 3. ACCOUNTING AND CORPORATE REGULATORY AUTHORITY ("ACRA") APPLICATION

3.1 The Company has also submitted an application under Sections 175(2)(a) and 197(1B)(a) of the Companies Act 1967 (the "**Companies Act**") to ACRA for an extension of time of 60 days from the requirements of Sections 175(1)(a) and 197(1)(a) of the Companies Act to hold its AGM for FY2022 and lodge its annual return for FY2022 on or before 29 June 2023 and by 30 July 2023 respectively (the "**ACRA Application**").

### 4. PROPOSED INDICATIVE TIMELINE

4.1 The Company's Extension Application is based on the following proposed indicative timeline, as agreed with FKT:

	Proposed Indicative Date	Milestone(s)
1.	By 31 May 2023	The Group's audited consolidated financial statements for FY2022 are finalised and are signed off by FKT.
2.	By 13 June 2023	The 1Q2023 Results Announcement is announced.

3.	By 14 June 2023	The FY2022 AR and FY2022 SR are issued.
4.	By 29 June 2023	The Group's AGM for FY2022 is convened.
5.	By 30 July 2023	The Company's annual return is filed.

## 5. FURTHER ANNOUNCEMENT

The Company will provide further updates to Shareholders on the outcome of the Extension Application to the SGX RegCo and the ACRA Application in due course.

By Order of the Board  
**Net Pacific Financial Holdings Limited**

Ong Chor Wei @ Alan Ong  
Executive Director

14 April 2023

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*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.*

*The contact person for the Sponsor is Ms. Foo Jien Jieng, 16 Collyer Quay #10-00 Collyer Quay Centre Singapore 049318, [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg).*

## Appendix A – FKT's email dated 11 April 2023

**From:** Lo Pin Hao (Jaw) <[jaw.lo@fookontan.com](mailto:jaw.lo@fookontan.com)>  
**Sent:** Tuesday, April 11, 2023 3:10 PM  
**To:** Kian Lee <[kianlee@netpac.com.sg](mailto:kianlee@netpac.com.sg)>  
**Cc:** Chan Ser <[ser.chan@fookontan.com](mailto:ser.chan@fookontan.com)>; Hong Sing Chuen <[singchuen.hong@fookontan.com](mailto:singchuen.hong@fookontan.com)>  
**Subject:** RE: Request for Extension of AGM

Dear Kian Lee,

During the course of our audit, we noted that there is a rental income recognised as other income in the books of Net Pac which may affect the current classification of the amounts due from Jetwin which are measured at amortised cost. We understand from management the rental income derived from the leasing of the properties (from the debt settlement) and will be allocated based on loan disbursement ratios between Net Pac and the other loan provider. We noted that there is a share in rental income from properties that are currently leased out to the external parties, and the group will continue to contribute towards the ongoing maintenance cost and expenses relating to the properties held by Jetwin.

Furthermore, as a result of a likely change in the Group's business model for (a) managing the financial asset and (b) the contractual cash flow characteristics of the financial asset in relation to the amounts due from Jetwin, management will need to evaluate whether the classification at amortised cost is still appropriate after the settlement of the debts with the Australian borrowers since the contractual terms of the financial asset may give rise on specified dates to cash flows that **may not** be solely payments of principal and interest on the principal amount outstanding due to:

1. No interest is charged for the outstanding balances due from Jetwin;
2. The credit risk arises mainly from the underlying properties and cash held by Jetwin (as agreed per settlement arrangement and confirmation letters with Jetwin) and the recovery of the debt will be dependent on the underlying values of the properties; and
3. The Group shall contribute towards the ongoing maintenance costs and expenses relating to the properties held by Jetwin, including a share in the rental income from those properties that are currently leased out to external tenants.

In the event that the classification of the financial asset at amortised cost is not appropriate, management will need to assess the appropriateness of the financial assets at fair value either through OCI OR profit or loss and it might affect prior year classification, if material. A separate fair valuation exercise over the underlying financial assets may be warranted. We believe that an extension of 2 months is required for management to perform the reassessment, and for the valuation work to be conducted by your external expert and also for us to review the appropriateness of the valuation methodology and reasonableness of the underlying assumptions and parameters applied before concluding on the proper classification and measurement of the financial asset i.e. amount due from Jetwin.

Thank you and have a good day ahead.

**Lo Pin Hao (Jaw) | Manager 2 | Assurance T**



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