



Net Pacific Financial Holdings Limited

**NET PACIFIC FINANCIAL HOLDINGS LIMITED**

(Incorporated in the Republic of Singapore on 9 January 2003)

(Company Registration No. 200300326D)

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**“EXCEPT FOR” QUALIFIED OPINION BY AUDITORS ON THE CONSOLIDATED  
FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017  
 (“FY2017”)**

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Pursuant to Rule 704(4) of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), 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’s auditors, Messrs Foo Kon Tan LLP (“**FKT**”), have issued their Independent Auditor’s Report with an “except for” qualified opinion in respect of the consolidated financial statements of the Group for FY2017.

FKT has opined that the Group’s consolidated financial statements of the Group for FY2017 have been properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 of Singapore and Singapore Financial Reporting Standards, so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group, except for the possible effects of the accuracy and recoverability of the principal and interest receivable of certain loans and advances.

The basis for the “except for” qualified opinion is contained in the Independent Auditor’s Report. Please refer to the copy of the Independent Auditor’s Report on the consolidated financial statements of the Group for FY2017 and the relevant Notes to the consolidated financial statements are attached hereto for further details.

The Board wishes to provide their comments and views in response to FKT’s opinion stated in the Independent Auditors’ Report in relation to the accuracy and recoverability of the principal and interest receivable of the loans.

**Board’s comments and views**

The Group has been granting loans to the borrowers in Australia to undertake property development projects via an intermediary, Jetwin Investment Pty Ltd (“**Jetwin**”) since the financial year ended 31 December 2013. As at 31 December 2017, there were a total of six (6) loans granted by the Group to the borrowers located in Australia with an outstanding principal and an interest receivable amounted to HK\$58,431,000 and HK\$30,351,000 respectively.

On 14 November 2017, the Group announced that Jetwin has entered into a conditional agreement with certain borrowers in Australia to convert loans amounting to approximately AUD5.0 million (equivalent to approximately HK\$30,507,000) into shares of a company (“**Partner Company**”), which is the holding company of the development manager for the property development projects (“**Conversion**”) (“**Conditional Agreement**”). The Conversion is in respect of three (3) loans from three (3) borrowers in Australia. The Partner Company is currently seeking a listing of its shares on the Australian Securities Exchange (“**ASX**”). The Conversion is subject to the satisfaction of various conditions set out in the Conditional Agreement which includes, among others, the successful listing of the shares of the Partner Company on the ASX.

On 31 December 2016, the Group entered into a settlement agreement (the “**Settlement Agreement**”) with the underwriter to claim the remaining net carrying value of one of the loans from a borrower in Australia, which has been placed under receivership in November 2016 (the “**Settlement**”). The underwriter has settled the first two (2) instalments in FY2017 pursuant to the Settlement Agreement. The Group has agreed with the underwriter that the final instalment of

HK\$13,184,000 shall be repaid in shares of the Partner Company upon the successful listing of the Partner Company on the ASX.

(i) Accuracy of the principal and interest receivables of five (5) loans

FKT was unable to obtain loan confirmations from the borrowers for the five (5) loans (other than the loan in relation to the Settlement mentioned above) in Australia as the Partner Company, has been advised by its legal advisors not to provide or sign any documents in relation to the five (5) loans before the successful listing of the shares of the Partner Company on the ASX in order to minimise potential disruption or delay to the listing process.

The aforementioned five (5) loans are supported by duly executed loan agreements and partial repayments were made in FY2017. The Conditional Agreement entered into between Jetwin and the borrowers in Australia in November 2017 also serves as evidence of the accuracy of such loans. Accordingly, the Board is of the view that there is no concern on the accuracy of these loans.

(ii) Recoverability of the principal and interest receivables of six (6) loans amounted to HK\$88,782,000 as at 31 December 2017

The Group has performed internal assessment via its credit committee on the recoverability of the Group's loan portfolios, including the six (6) loans granted to borrowers in Australia. No impairment is required as based on sales and cost projections to-date, the amount that could be recovered from the underlying property development projects upon completion would be sufficient to cover most if not all of the carrying value of the principal and interest receivables from the loans and any shortfall will be claimed from the underwriters of such loans.

In addition, four (4) out of the six (6) loans are supported with the settlement via shares of the Partner Company upon its successful listing on the ASX. Based on the expected issue price of the shares in the Partner Company, the Conversion and the Settlement is expected to cover the carrying value of the loans and interest receivables.

The consolidated financial statements of the Group for FY2017 and the Independent Auditor's Report could also be found in the Company's annual report for FY2017, which will be released via the SGXNET and despatched to the Company's shareholders in due course.

Shareholders of the Company are advised to read this announcement in conjunction with the Independent Auditor's Report and the Company's annual report for FY2017 and to read the aforementioned documents in their entirety.

By Order of the Board

Ong Chor Wei @ Alan Ong  
Chief Executive Officer  
3 April 2018

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the SGX-ST Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.*

*This announcement has not been examined or approved by SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.*

*The contact person for the Sponsor is Ms Tan Pei Woon, Senior Manager, Continuing Sponsorship (Mailing address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).*