

UPDATE ON THE AUSTRALIAN LOANS

The Board of Directors (the “**Board**”) of Net Pacific Financial Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s announcements dated:

- (a) 14 November 2017 in relation to the conversion of loans into shares of a Partner Company, of which subsequent updates were provided in (i) the unaudited full year results announcement for the financial year ended 31 December 2017, (ii) the unaudited half-year results announcement for the financial period ended 30 June 2018, (iii) the profit guidance announcement dated 12 February 2019, and (iv) the unaudited full year results announcement for the financial year ended 31 December 2018;
- (b) 3 April 2018 in relation to the “except for” qualified opinion by auditors on the consolidated financial statements for the financial year ended 31 December 2017; and
- (c) 3 April 2019 in relation to the “except for” qualified opinion by auditors on the consolidated financial statements for the financial year ended 31 December 2018,

(collectively, the “**Previous Announcements**”). Unless otherwise defined or the context otherwise requires, all capitalised terms shall bear the same meanings as ascribed to them in the Previous Announcements.

The Board wishes to announce that Jetwin Investment Pty Limited (“**Jetwin**”), the intermediary which facilitated the Group in granting loans to borrowers located in Australia, had, on 25 June 2019, entered into deeds of settlement and release (the “**Deeds of Settlement and Release**”) with, amongst others, two (2) borrowers located in Australia (the “**Borrowers**”) pursuant to which it was agreed, among other things, that the parties to the Deeds of Settlement and Release would release each other from the performance of any and all of their obligations under the loan agreements entered into between Jetwin and the Borrowers (collectively, the “**Borrowers Loan Agreements**”), and any and all claims which exist or which may but for the Deeds of Settlement and Release have existed between them under, in respect of, or otherwise connected in any way whatsoever with the Conditional Agreements which was in relation to the conversion of loans of approximately AUD 5.0 million into shares of the Partner Company, subject to the satisfaction of various conditions including the successful listing of the shares of the Partner Company on the Australian Securities Exchange (“**ASX**”) (the “**Settlement**”). The parties to the Deeds of Settlement and Release also agreed to resolve their disputes over the amount and timing of repayment of the Loans (as defined hereinafter) under the Borrowers Loan Agreements on the terms and conditions set out in the Deeds of Settlement and Release without any admission of any liability of any kind whatever.

The Settlement was reached, and the Deeds of Settlement and Release were entered into, as the Loans (as defined hereinafter) under the Borrowers Loan Agreements have been overdue for an extended period of time and there were no material developments on the proposed listing of the shares of the Partner Company on the ASX.

Based on the Deeds of Settlement and Release, Jetwin will recover an agreed outstanding amount of the two (2) loans (the “**Loans**”) granted by the Group to the Borrowers through Jetwin of AUD 325,000 and AUD 1,036,000 respectively. Jetwin will recover the agreed outstanding amount of the Loans through a cash payment of AUD 343,000 and through proceeds from the sale of the Properties (as defined hereinafter) which has an estimated fair value of AUD 1,033,000 based on recently transacted prices of similar real properties in the vicinity and independent valuation reports issued by CBRE Australia on 27 June 2019.

The maturity dates of the Loans have passed and the aggregate outstanding principal amount of the Loans (excluding the interest component) as at the date of this announcement is approximately AUD 1.29 million (equivalent to approximately HKD 7.0 million). For the avoidance of doubt, the Loans have ceased to accrue interest and Jetwin will not be able to recover the interest component of the Loans pursuant to the Deeds of Settlement and Release. The Group had made full impairment of the interest component of the Loans which amounted to approximately HKD 6.0 million in the financial year ended 31 December 2018 as the Board was of the view then that the likelihood of recoverability of the interest component of the Loans was low.

On 4 July 2019, the Company, through its wholly-owned subsidiary, Net Pacific Investment Holdings Limited ("**Net Pacific Investment**"), agreed with Jetwin, among other things, that all monies received by Jetwin under the provisions of the Deeds of Settlement and Release and all proceeds from the sale of Properties (as defined hereinafter) proposed to be transferred to Jetwin under the provisions of the Deeds of Settlement and Release (the "**Relevant Sums**") shall be paid to Net Pacific Investment, without any set-off or deduction, to be applied by Net Pacific Investment in accordance with the terms and subject to the conditions of the relevant loan agreements entered into between Net Pacific Investment and Jetwin on 18 November 2014 and 1 June 2015 respectively (the "**Jetwin Loan Agreements**"). It was also agreed that, Jetwin shall not be entitled to the Relevant Sums unless and until all monies (regardless of whether such monies are due and/or owing) under the Jetwin Loan Agreements have been repaid to Net Pacific Investment.

Without limiting the generality of the foregoing, Net Pacific Investment and Jetwin agreed that:

- (a) Two (2) of residential property units located in Western Australia, which have been completely built up, shall be transferred to Jetwin no later than 15 business days after the date of the Deeds of Settlement and Release; and three (3) of the residential property units located in Western Australia, which have been completely built up, shall be transferred to Jetwin no later than 15 business days after receipt of a current market valuation (collectively, the "**Properties**");
- (b) Jetwin shall consult with Net Pacific Investment in relation to sale, transfer or disposal of the Properties at any time and from time to time (the "**Disposal**"); and
- (c) All proceeds from the Disposal shall be paid to Net Pacific Investment, without any set-off or deduction, to be applied by Net Pacific Investment in accordance with the terms and subject to the conditions of the Jetwin Loan Agreements. For the avoidance of doubt, Jetwin shall not be entitled to any proceeds from the Disposal unless and until all monies (regardless of whether such monies are due and/or owing) under the Jetwin Loan Agreements have been repaid to Net Pacific Investment.

The Settlement is not expected to have a material 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 2019.

The Company will make subsequent announcements to update its shareholders when there are material updates in relation to the Settlement, as may be necessary or appropriate. In addition, the Company will make subsequent announcements to update its shareholders when there are material updates in relation to the remaining three (3) loans granted by the Group through Jetwin to borrowers located in Australia. The maturity dates of these three (3) loans have passed and the aggregate outstanding principal amount of these three (3) loans (excluding interest) as at the date of this announcement was approximately AUD 6.16 million (equivalent to approximately HKD 33.4 million).

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements made by the Company carefully. Shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Mr Ong Chor Wei @ Alan Ong
Executive Director and Chief Executive Officer

4 July 2019

*This announcement has been prepared by Net Pacific Financial Holdings Limited (the “**Company**”) and its contents have been reviewed by the Company’s Sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”) in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalyst.*

This announcement has not been examined or approved by the SGX-ST. The SGX-ST 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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