

NET PACIFIC FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Registration Number: 200300326D)

Condensed Interim Financial Statements For the second quarter ended 30 June 2024

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 disclaimer of opinion issued by the Company's auditors in the latest audited financial statements for the financial year ended 31 December 2023.

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A. Condensed interim consolidated statement of profit or loss and other comprehensive income

For the second quarter ended 30 June 2024

	The Group			The Group		
	Second quarter ended 30 June		% + / (-)	Half year ended 30 June		% + / (-)
	2024	2023		2024	2023	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
Revenue	10,498	826	1,171	11,459	1,647	596
Cost of sales	(8,737)	-	NM	(8,903)	-	NM
Gross profit	1,761	826	113	2,556	1,647	55
Other income	994	87	NM	1,453	176	NM
Marketing and distribution costs	(640)	(27)	NM	(730)	(27)	NM
Administrative expenses	(3,962)	(1,613)	146	(6,672)	(2,901)	130
Other expenses	(57)	(305)	(81)	(2,063)	(688)	200
Share of results of an associated company	(166)	-	NM	(166)	-	NM
Loss before taxation	(2,070)	(1,032)	101	(5,622)	(1,793)	214
Income tax expense	(88)	(95)	(7)	(217)	(207)	5
Loss for the period	(2,158)	(1,127)	91	(5,839)	(2,000)	192
Other comprehensive loss						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation differences - foreign operations	(149)	-	NM	(252)	-	NM
Total comprehensive loss for the period	(2,307)	(1,127)	105	(6,091)	(2,000)	205
Loss net of tax for the period attributable to:						
Equity holders of the company	(1,673)	(1,127)	48	(5,354)	(2,000)	168
Non-controlling interests	(485)	-	NM	(485)	-	NM
	(2,158)	(1,127)	91	(5,839)	(2,000)	192
Total comprehensive loss for the period attributable to:						
Equity holders of the company	(1,822)	(1,127)	62	(5,606)	(2,000)	180
Non-controlling interests	(485)	-	NM	(485)	-	NM
	(2,307)	(1,127)	105	(6,091)	(2,000)	205

NM: Not meaningful

Loss per share

	The Group	
	Half year ended 30 June	
	2024	2023
Loss per ordinary share		
- Basic (Hong Kong cents) [A]	(1.11)	(0.38)
- Diluted (Hong Kong cents) [B]	(1.11)	(0.38)

[A] The calculation of basic loss per ordinary share was based on 525,630,328 shares (2023 : 525,630,328 shares) being the weighted average number of ordinary shares in issue during the period.

[B] The calculation of diluted loss per ordinary share was based on 525,630,328 shares (2023 : 525,630,328 shares) being the weighted average number of ordinary shares in issue during the period.

Diluted loss per share is the same as basic loss per share due to the absence of any dilutive financial instruments for the half year ended 30 June 2024 and 30 June 2023 respectively.

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B. Condensed interim consolidated statement of financial position

As at 30 June 2024

	Note	The Group		The Company	
		As at 30/06/24	As at 31/12/23	As at 30/06/24	As at 31/12/23
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets					
Plant and equipment	9	13,322	608	-	3
Investment in an associated company	10	329	-	-	-
Goodwill on acquisition	6.2	2,532	-	-	-
Trade & other receivables	11	732	1,996	-	-
Right-of-use assets	12	15,759	2,028	-	-
Investment in subsidiaries		-	-	1,170	1,169
		32,674	4,632	1,170	1,172
Current assets					
Loans and advances	13	27,600	27,600	-	-
Inventories		9,043	-	-	-
Trade & other receivables	11	35,311	21,955	68,747	73,074
Cash and cash equivalents		47,431	47,246	712	1,108
		119,385	96,801	69,459	74,182
Total assets		152,059	101,433	70,629	75,354
Equity attributable to owners of the Company					
Share capital	14	145,105	145,105	145,105	145,105
Translation reserve		(252)	-	-	-
Accumulated losses		(58,382)	(53,028)	(76,284)	(71,873)
Equity attributable to equity holders of the Company		86,471	92,077	68,821	73,232
Non-controlling interests		8,790	-	-	-
Total Equity		95,261	92,077	68,821	73,232
Non-current liabilities					
Lease liabilities	15	14,254	1,499	-	-
		14,254	1,499	-	-
Current liabilities					
Trade & other payables	16	34,791	7,222	1,808	2,122
Lease liabilities	15	2,125	536	-	-
Current tax payable		256	99	-	-
Bank loan	17	5,372	-	-	-
		42,544	7,857	1,808	2,122
Total liabilities		56,798	9,356	1,808	2,122
Total equity and liabilities		152,059	101,433	70,629	75,354

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C. Condensed interim consolidated statement of cash flows

For the second quarter ended 30 June 2024

	The Group	
	Half year ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
<u>Cash flows from operating activities:</u>		
Loss before taxation	(5,622)	(1,793)
<i>Adjustments for:</i>		
Share of results of an associated company	166	-
Depreciation of plant and equipment	675	3
Depreciation of right-of-use assets	656	-
Impairment loss on other receivables	1,216	-
Interest income	(2,266)	(1,662)
Interest expense on lease liabilities	191	-
Unrealised exchange differences	(479)	-
Operating loss before changes in working capital changes	(5,463)	(3,452)
Changes in inventories	(1,275)	-
Changes in trade and other receivables	(56)	11,394
Changes in trade and other payables	(4,221)	(721)
Cash used in operating activities	(11,015)	7,221
Interest income received	2,284	1,680
Dividend income received	40	100
Income tax paid	(61)	(75)
Net cash used in operating activities	(8,752)	8,926
<u>Cash flows from investing activities:</u>		
Acquisition of plant and equipment	(3,624)	-
Acquisition of a subsidiary, net of cash received	(1,882)	-
Net cash used in investing activities	(5,506)	-
<u>Cash flows from financing activities:</u>		
Capital contribution by non-controlling interests	9,541	-
Proceeds from borrowings	5,372	-
Payment of principal portion of lease liabilities	(521)	-
Payment of interest of lease liabilities	(191)	-
Net cash generated from financing activities	14,201	-
Net decrease in cash and cash equivalents	(57)	8,926
Cash and cash equivalents at beginning of period	47,246	38,827
Effect of exchange rate changes on cash and cash	242	-
Cash and cash equivalents at end of period	47,431	47,753

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D. Condensed interim statements of changes in equity

For the second quarter and six months ended 30 June 2024

	Attributable to equity holders of the Company				Non-Controlling Interests	Total Equity
	Share Capital	Translation Reserve	Accumulated Losses	Total		
The Group	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2023	145,105	-	(47,511)	97,594	-	97,594
Total loss and comprehensive loss for the period *	-	-	(2,000)	(2,000)	-	(2,000)
As at 30 June 2023	145,105	-	(49,511)	95,594	-	95,594
As at 1 January 2024	145,105	-	(53,028)	92,077	-	92,077
Total loss and comprehensive loss for the period						
Loss for the period	-	-	(5,354)	(5,354)	(485)	(5,839)
Other comprehensive loss						
- Foreign currency translation differences	-	(252)	-	(252)	-	(252)
	-	(252)	(5,354)	(5,606)	(485)	(6,091)
Transaction with owners of the Company, recognised directly in equity						
- Non-controlling interest arising from acquisition of a subsidiary	-	-	-	-	9,275	9,275
	-	-	-	-	9,275	9,275
As at 30 June 2024	145,105	(252)	(58,382)	86,471	8,790	95,261

The Company	Share Capital	Accumulated Losses	Total Equity
	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2023	145,105	(65,087)	80,018
Total loss and comprehensive loss for the period *	-	(2,872)	(2,872)
As at 30 June 2023	145,105	(67,959)	77,146
As at 1 January 2024	145,105	(71,873)	73,232
Total loss and comprehensive loss for the period *	-	(4,411)	(4,411)
As at 30 June 2024	145,105	(76,284)	68,821

* 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 areas of (a) the provision of financing services in the People's Republic of China ("**PRC**"), Hong Kong Special Administrative Region ("**Hong Kong**"), and Australia, (b) the sale of golf simulators and the operation of indoor golf simulator venues in the PRC, and (c) the manufacture and sale of hard case luggage in the PRC.

The condensed interim consolidated financial statements as at and for the financial period ended 30 June 2024 comprise the financial statements of the Company and its subsidiaries (collectively "**the Group**").

2 Basis of preparation

The condensed interim financial statements for the financial period ended 30 June 2024 have been prepared in accordance with Singapore Financial Reporting Standards (International) 1 - 34 Interim Financial Reporting. 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 2023.

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 2023, except for the adoption of new and amended standards effective 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 (International) ("**SRFS(I)**") 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 2023 and the interim report for the first quarter ended 31 March 2024.

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 13	- Allowance for expected credit loss (" ECL ") of loans and receivables 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 11	- Impairment of amounts due from subsidiaries
Note 11	- 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 reporting period.

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, Hong Kong 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.

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) Golf Business

The golf business is the business of sale of golf simulators and the operation of indoor golf simulator venues in the PRC.

(3) Luggage Business

The Group had on 10 May 2024 completed the acquisition of 51% of the total issued and paid-up share capital of Saint Pearl Travel Products (Guangdong) Co., Ltd ("**Saint Pearl**") to diversify and engage in the business of research, design, production and sale of travel hard cases in the PRC. Please refer to Note 6.2 for more details.

4.1 Reportable segments

	Financing		Golf Business		Luggage Business		Consolidated	
	Half year ended 30 June		Half year ended 30 June		Half year ended 30 June		Half year ended 30 June	
	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total revenue by segments	1,647	1,647	2,019	-	7,793	-	11,459	1,647
External revenue	1,647	1,647	2,019	-	7,793	-	11,459	1,647
Segment loss	(332)	346	(1,535)	-	(892)	-	(2,759)	346
Unallocated expenses							(2,863)	(2,139)
Loss before tax							(5,622)	(1,793)
Income tax expense							(217)	(207)
Loss for the period							(5,839)	(2,000)
Segment assets	75,884	99,842	9,941	-	65,449	-	151,274	99,842
Unallocated assets							785	727
Total assets per statement of financial position							152,059	100,569
Segment liabilities	3,902	3,942	3,285	-	47,803	-	54,990	3,942
Unallocated liabilities							1,808	1,033
Total liabilities per statement of financial position							56,798	4,975

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

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			
	Second quarter ended 30 June		Half year ended 30 June	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
PRC & Hong Kong				
Interest on loans and advances	676	676	1,347	1,347
Income from Golf Business	1,879	-	2,019	-
Income from Luggage Business	7,793	-	7,793	-
	10,348	676	11,159	1,347
British Virgin Islands				
Interest on loans and advances	150	150	300	300
	150	150	300	300
Total revenue	10,498	826	11,459	1,647
Non-current assets				
Singapore	-	6	-	6
PRC & Hong Kong	31,942	-	31,942	-
British Virgin Islands	732	3,671	732	3,671
	32,674	3,677	32,674	3,677

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 2024 and 31 December 2023:

	The Group		The Company	
	As at 30/06/24	As at 31/12/23	As at 30/06/24	As at 31/12/23
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets at amortised cost				
Loans and advances	27,600	27,600	-	-
Inventories	9,043	-	-	-
Other receivables ⁽¹⁾	31,620	23,920	68,712	73,043
Cash and cash equivalents	47,431	47,246	712	1,108
	115,694	98,766	69,424	74,151
Financial liabilities at amortised cost				
Other payables ⁽²⁾	31,554	6,814	1,808	2,122
Bank loan	5,372	-	-	-
Lease liabilities	16,379	2,035	-	-
	53,305	8,849	1,808	2,122

(1) Excludes prepayment

(2) Excludes contract liabilities

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

6 Loss after tax

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

	The Group			
	Second quarter ended 30 June		Half year ended 30 June	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Foreign exchange gain (losses)	626	(305)	(656)	(688)
Interest expense on lease liabilities	(163)	-	(191)	-
Interest income from fixed deposit	302	8	619	15
Other income ^(*)	692	79	705	161
Gain on disposal of properties held by Jetwin	-	-	129	-
Allowance for impairment loss of other receivables	(520)	-	(1,216)	-
Depreciation of plant and equipment	(473)	(1)	(675)	(3)
Depreciation of right-of-use assets	(504)	-	(656)	-

(*) Included in other income during the financial period ended 30 June 2024 is a gain of HK\$0.7 million on stock count conducted by Saint Pearl in June 2024 as a result of recognition of certain materials as recyclable and re-usable for production and material recycled from scrapping of sample and testing products which was expensed off in the financial period before the Acquisition (defined under Note 6.2).

Included in other income during the financial period ended 30 June 2023 is an amount of HK\$160,000 of rental income derived from the leasing of some of the properties held by Jetwin. There was no such income in the financial period ended 30 June 2024, as these properties have been sold in last financial year ended 31 December 2023.

6.2 Related party transactions

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 Hong Kong. Pursuant to the JVA, the Company is the majority shareholder, holding 80% interest of the JV Company, while Mr. Ben Lee owns the remaining 20% of the JV Company.

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 (“**Acquisition**”, together with the Joint Venture, the “**Proposed Joint Venture and Acquisition**”), currently a wholly-owned subsidiary of Jiangmen Limingzhu Technology Co., Ltd (“**Limingzhu**”), a portion of which is held on trust for Mr. Ben Lee. Saint Pearl 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 solutions to major brands and channels both domestically and internationally (“**Luggage Business**”).

In accordance with the JVA, the consideration payable by the JV Company for the Acquisition is approximately RMB2.7 million. The consideration was arrived at based on 51% of the original cost of investment, being the unaudited net assets of Saint Pearl as at 30 June 2023.

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 the proposed diversification to include the Golf and Luggage Business. Both resolutions were passed unanimously at the EGM.

Further to the EGM convened on 23 February 2024, the completion of the Acquisition took place on 10 May 2024. The JV Company acquired 51% ordinary shares of Saint Pearl for a consideration of RMB2.7 million. The Company, which is holding 80% interest of the JV Company, settled its 80% share of the consideration of approximately RMB2.3 million through internal financial resources.

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

6.2 Related party transactions (contd)

The Group has received quotes from independent firms to perform purchase price allocation (“PPA”) exercise which is currently in the process of finalising the scope of PPA with auditors. Pending the finalisation of the PPA report, the purchase consideration has been provisionally allocated.

<u>Purchase consideration</u>	HK\$'000
Cash paid	2,348
Consideration transferred for the business	<u>2,348</u>
<u>Effect on cash flows of the Group</u>	
Cash paid (as above)	2,348
Less: Cash and cash equivalents in subsidiary	(466)
Cash outflow on acquisition	<u>1,882</u>
<u>Identifiable assets acquired and liabilities</u>	
Plant and equipment	9,780
Investment in an associated company	495
Right-of-use assets	14,363
Inventories	7,766
Trade and other receivables	13,310
Cash and cash equivalents	466
Total assets	<u>46,180</u>
Trade and other payables	31,790
Lease liabilities	14,840
Total liabilities	<u>46,630</u>
Total net identifiable liabilities acquired	(450)
Less: Non-controlling interests	266
	<u>(184)</u>
<u>Goodwill on acquisition</u>	
Purchase consideration	2,348
Net liabilities acquired	184
	<u>2,532</u>

During the reporting period, Saint Pearl entered into the following trading transactions with related companies with common directors of Limingzhu, the 49% shareholder of Saint Pearl:

	HK\$'000
- sale of hard case luggage	3,984
- purchase of materials	251
- design fees	309

As explained in Circular to Shareholders dated 6 February 2024, as a newly-incorporated company at its infant stage of operations, Saint Pearl does not have sufficient qualification and experience to be included in the supplier list of international market players in the luggage industry. As Limingzhu is a more established company as compared to Saint Pearl, orders for hard case luggage will be obtained through Limingzhu and its related companies in the initial stages of the Joint Venture and as a temporary start-up arrangement for minimal first twelve (12) months or until such time when Saint Pearl attains the necessary quality certifications including ISO1400 and ISO9100 issued by the International Organization for Standardization required by customers to accept orders directly from them.

Sale of goods to related parties were made at the group's usual list prices, plus a processing fee, which is above the prevailing market rate for such subcontracting arrangements. Purchases and design fees were made at market price paid by related parties to reflect the relationships between the companies.

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

7 Taxation

The Group calculates the current reporting period 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		The Group	
	Second quarter ended 30 June		Half year ended 30 June	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Current income tax expense				
Current period	88	95	217	207
	88	95	217	207

8 Net asset value

	The Group		The Company	
	As at 30/06/24	As at 31/12/23	As at 30/06/24	As at 31/12/23
Net asset value per ordinary share (Hong Kong cents)	16.45	17.52	13.09	13.93

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 2024 (31 December 2023: 525,630,328 shares).

9 Plant and equipment

During the financial period ended 30 June 2024, the Group acquired assets amounting to HK\$14.1 million (2023 - HK\$Nil) including HK\$9.8 million under the Acquisition. There are no disposal of assets during the financial period ended 30 June 2024 and 30 June 2023.

10 Investment in an associated company

	The Group	
	As at 30/06/24 HK\$'000	As at 31/12/23 HK\$'000
Cost of investment in an associated company	495	-
Share of post-acquisition loss	(166)	-
	329	-

The investment in an associated company refers to equity interest of 46% held by Saint Pearl in a PRC-incorporated company 沸腾冒泡(广州)文化有限公司 ("**Associate**"), which mainly engages in branding, research & development, marketing & promotion, and e-commerce of luggage products manufactured by Saint Pearl. The joint venture was entered in March 2024 between the parties before the completion of the Acquisition on 10 May 2024. The share of loss was primarily attributable to the administrative expenses incurred by the Associate during its start-up stage.

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

11 Trade & other receivables

	The Group		The Company	
	As at 30/06/24 HK\$'000	As at 31/12/23 HK\$'000	As at 30/06/24 HK\$'000	As at 31/12/23 HK\$'000
Trade receivables	12,281	-	-	-
Interest receivables	1,167	1,185	-	-
Dividend receivables	440	480	-	-
Interest and dividend receivables	1,607	1,665	-	-
Deposits	864	177	15	14
Other receivables (a)	20,048	24,042	23	19
Amounts due from subsidiaries (non-trade) (b)	-	-	134,423	134,508
	22,519	25,884	134,461	134,541
Expected credit losses:				
At beginning	(1,964)	-	(61,498)	(54,500)
Allowance for expected credit loss	(1,216)	(1,964)	(4,251)	(6,998)
At end	(3,180)	(1,964)	(65,749)	(61,498)
Net other receivables	19,339	23,920	68,712	73,043
Prepayments	4,423	31	35	31
	36,043	23,951	68,747	73,074
Presented as:				
- Non-current	732	1,996	-	-
- Current	35,311	21,955	68,747	73,074
	36,043	23,951	68,747	73,074

Note (a) - Other receivables comprise mainly:

- HK\$13,447,000 (31 December 2023 - HK\$19,867,000) due from an 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 borrowers in Australia with the Intermediary in the form of properties and cash under two different deeds of settlement:

(i) On 25 June 2019, the Intermediary had entered into Deed of Settlement and Release ("**2019 Deed**") with two borrowers pursuant to which it was agreed that the parties to the 2019 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 borrowers, and any and all claims which exist in respect of the conditional agreements entered on 12 November 2017. Under the 2019 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 borrowers via the Intermediary. On 7 November 2019, the Intermediary confirmed and agreed that all the proceeds received under the provision of the 2019 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. Up to date of this announcement, the five completed units have been sold and sales proceeds received by Jetwin. The Group has received its share of sales proceeds of approximately HK\$5.7 million on 16 May 2024, which has further reduced the amount receivable from Jetwin from HK\$19.0 million as at 31 March 2024 to HK\$13.4 million as at 30 June 2024.

(ii) On 6 August 2021, the Intermediary entered into a similar Deed of Settlement and Release with three remaining borrowers ("**2021 Deed**") pursuant to which it was agreed that the parties to the 2021 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 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 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\$947,000 (31 December 2023 - HK\$2,183,000) due from an external buyer on the disposal of financial asset at fair value through profit or loss in prior years. Under a revised repayment schedule approved by the credit committee of the Group, the remaining balance of HK\$4,880,000 (before provision of expected credit loss) would be repaid over 24 instalments from January 2024 to December 2025, which was interest-free. At the end of the reporting period, the Group evaluated the counterparty's financial performance to meet the contractual cash flow obligations and had provided an expected credit loss of HK\$1,216,000 (31 December 2023 - HK\$1,964,000) on the non-trade amounts due from the counterparty

Note (b)

The amounts due from subsidiaries are non-trade in nature, unsecured, bear interest at rate of 4.31% (31 December 2023 - 4.31%) 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\$4,251,000 (31 December 2023 - HK\$6,998,000) on the non-trade amounts due from a subsidiary.

NET PACIFIC FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

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

12 Right-of-use assets

	The Group	
	As at 30/06/24 HK\$'000	As at 31/12/23 HK\$'000
The Group		
<u>Cost</u>		
As at 1 January	2,077	-
Foreign exchange differences	(54)	-
Acquisition of a subsidiary	15,987	-
Addition	77	2,077
As at 30 June	18,087	2,077
<u>Accumulated depreciation</u>		
As at 1 January	49	-
Foreign exchange differences	(1)	-
Acquisition of a subsidiary	1,624	-
Depreciation	656	49
As at 30 June	2,328	49
Carrying amount	15,759	2,028

The group leases several assets including leasehold buildings. The lease term ranges from 3 to 8 years (2023 : 3 years).

Information about the Group's leasing activities are disclosed in Note 15.

13 Loans and advances

	The Group	
	As at 30/06/24 HK\$'000	As at 31/12/23 HK\$'000
Loans and advances repayable within one year	27,600	27,600
	27,600	27,600

Please also refer to Note 11 on update on the settlements with the Australian borrowers.

14 Share capital

	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 2023.

There were no outstanding convertibles as at 30 June 2024 and 30 June 2023.

The Company did not hold any treasury shares as at 30 June 2024, 30 June 2023 and 31 December 2023. There was no sale, transfer, disposal, cancellation and use of treasury shares during the financial period ended 30 June 2024 and 31 December 2023.

There were no subsidiary holdings as at 30 June 2024, 30 June 2023 and 31 December 2023. There were no sales, transfers, cancellation and/or use of subsidiary holdings during the financial period ended 30 June 2024.

NET PACIFIC FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

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

15 Lease liabilities

	The Group	
	As at 30/06/24 HK\$'000	As at 31/12/23 HK\$'000
Presented as:		
- Non-current	14,254	1,499
- Current	2,125	536
	16,379	2,035
Movement of the lease liabilities as follows:		
As at beginning of year	2,035	-
Acquisition of a subsidiary	14,840	-
Additions	77	2,077
Foreign exchange differences	(52)	-
Lease payments - principal portions	(521)	(42)
	16,379	2,035

16 Trade and other payables

	The Group		The Company	
	As at 30/06/24 HK\$'000	As at 31/12/23 HK\$'000	As at 30/06/24 HK\$'000	As at 31/12/23 HK\$'000
Trade payables	13,958	-	-	-
Accrued operating expenses	6,735	6,814	1,808	2,122
Loan from related parties ^(a)	10,798	-	-	-
Other payables	63	-	-	-
Contract liabilities ^(b)	3,237	408	-	-
	34,791	7,222	1,808	2,122

Note (a)

The loan from Limingzhu, the 49% shareholder of Saint Pearl, are unsecured, interest-free and repayable on demand.

Note (b)

Contract liabilities relate to advance payment from customers. Contract liabilities are recognised as revenue when the Group fulfills its performance obligations under the contract with the customer. All performance obligations are expected to be recognised within one (1) year. The significant changes in the contract liabilities during the financial period are as follows:

	The Group	
	Half year ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
At 1 January	408	-
Foreign exchange	(11)	-
Fees received during the period	4,818	-
Revenue recognise for fees received during the period	(1,978)	-
At 30 June	3,237	-

17 Borrowings

The loan of HK\$5,372,000 (2023 : Nil) was advanced on 28 June 2024 and is due for repayment in full on 27 June 2025. The bank loan carries fixed interest rate at 3.60% per annum, and is secured by a charge over certain fixed assets under Saint Pearl, and personal guarantee by certain directors of Saint Pearl and Limingzhu.

18 Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

NET PACIFIC FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

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

19 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 the Group as at 30 June 2024 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.

20 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 2023 ("FY2023"). For details, please refer to Independent Auditors Report for FY2023 announced on 4 May 2024.

(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

(4) Accuracy of the expected credit losses of the amount due from a subsidiary - Company level

Further to the announcement on Disclaimer of Opinion by auditors on the consolidated financial statements for FY2023 dated 4 May 2024, the Board would like to update on item (2) that the Group has received its share of sales proceeds of approximately HK\$5.7 million from disposal of five completed properties on 16 May 2024. This has reduced the amount receivable due from Jetwin from HK\$19.0 million as at 31 March 2024 to HK\$13.4 million as at 30 June 2024. As a result, the Group's exposure to the outstanding balance under the unresolved audit issue is further reduced.

The Board would also like to update that the builder engaged to construct the remaining three properties ("Properties") advised that Building Services Board of Western Australia has not approved the renewal of its builder contractor registration. The effect is that the builder will not be able to undertake any building works that require a building permit. In other words, it will not be able to continue construction of the Properties. While the builder advised that they are trying to appeal, the Group is now assessing its options including to appoint a new builder or to sell the land as it is.

The Board learnt from preliminary enquiries with property agents and builders that it may be challenging to find potential buyers for land with construction started partially, as the additional construction cost or modification on constructions in progress by a new builder are not attractive investment opportunities for investors. As of to date, there are enquiries from keen overseas parties. The Company will evaluate the various options and present the offers to the Board for consideration.

The Board is of the view that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

NET PACIFIC FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

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

- 21 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's revenue increased by HK\$9.8m from HK\$1.6 million for the half-year ended 30 June 2023 ("**1H2023**") to HK\$11.5 million for the half-year ended 30 June 2024 ("**1H2024**"), mainly arising from the revenue contribution from the Luggage and Golf Business.

	Financing		Golf Business		Luggage Business		Corporate		Consolidated	
	1H2024	1H2023	1H2024	1H2023	1H2024	1H2023	1H2024	1H2023	1H2024	1H2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue by segments	1,647	1,647	2,019	-	7,793	-	-	-	11,459	1,647
<i>Revenue by segments (%)</i>	14%	100%	18%		68%				100%	100%
Cost of sales	-	-	(1,766)	-	(7,137)	-	-	-	(8,903)	-
Gross profit	1,647	1,647	253	-	656	-	-	-	2,556	1,647
<i>Gross profit margin</i>	100%	100%	13%		8%				22%	100%
Other income	753	176	12	-	688	-	-	-	1,453	176
Marketing and distribution costs	(14)	(27)	(227)	-	(470)	-	(19)	-	(730)	(27)
Administrative expenses	(835)	(747)	(1,590)	-	(1,451)	-	(2,796)	(2,154)	(6,672)	(2,901)
Other expenses	(1,883)	(703)	17	-	(149)	-	(48)	15	(2,063)	(688)
Share of results of an associated company	-	-	-	-	(166)	-	-	-	(166)	-
Segment loss	(332)	346	(1,535)	-	(892)	-	(2,863)	(2,139)	(5,622)	(1,793)

Luggage Business

The Luggage Business contributed 68% or HK\$7.8 million of Group revenue in 1H2024, based on approximately two months results following the completion of the Acquisition on 10 May 2024. The revenue represents sales of hard case luggage products to established domestic and foreign luggage brands in the industry. Amongst the domestic sales, RMB3.9 million or 50% of revenue was orders from related companies with common directors of Limingzhu, the 49% shareholder of Saint Pearl, as disclosed under Note 6.2.

Total cost of sales of HK\$7.1 million mainly comprised the cost of materials and parts, direct labour, subcontracting fee and fixed production overheads including the lease of the production plant and depreciation of plant & equipment. The cost of sales increased in line with increase of revenue. The gross profit recorded for the approximately two months operations is HK\$0.7 million or a gross profit margin of 8%.

Total marketing and distribution costs of HK\$0.5 million mainly comprised exhibition expenses, distribution costs, sales commission and entertainment expenses, while total administrative expenses of HK\$1.5 million mainly comprised payroll related expenses, and other administrative expenses. Both the marketing and distribution costs, and administrative expenses increased due to increase in revenue.

The increase in other income for 1H2024 included a gain of HK\$0.7 million on stock count conducted by Saint Pearl in June 2024 as a result of recognition of certain materials as recyclable and re-usable for production and material recycled from scrapping of sample and testing products which was expensed off in the financial period before the Acquisition.

As a result, losses from the Luggage Business amounted to HK\$0.9 million as Saint Pearl, which was incorporated in April 2023, has yet to reach its optimal sales volume and achieve production efficiency.

Golf Business

The Golf Business accounted for HK\$2 million or 18% of Group revenue in 1H2024. Total cost of sales of HK\$1.8 million mainly comprised direct labour, cost of golf simulators, and fixed production overheads including the lease of the golf simulator venue and depreciation of plant & equipment.

Total marketing and distribution costs of HK\$0.2 million mainly comprised advertisement expenses, sales commission and entertainment expenses, while total administrative expenses of HK\$1.6 million mainly comprised payroll related expenses, and other administrative expenses. Losses from the Golf Business amounted to HK\$1.5 million as the operating expenses outweighed the lower revenue in first half of the year. The losses from the Golf Business were attributable to (i) the first half of the year is generally considered low season for the Golf Business with typically lower local demand for playing golf in indoor golf venues due to the cool weather and lunar new year holidays in February; (ii) slowing growth in consumer spending in China amid a property market slump and weak business sentiment, and; (iii) intense competition and price war in the industry.

NET PACIFIC FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

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

Financing Business

The Financing Business recorded a revenue of HK\$1.7 million in 1H2024, which was comparable to that in 1H2023, as the Group's loan portfolio has remained the same.

Other income in 1H2024 was higher as it included (a) interest income from fixed deposit and (b) a gain on disposal of completed units as explained under Note 11 (a) (i) under 2019 Deed.

Total administrative expenses of HK\$0.8 million in 1H2024 mainly comprised professional fees, which is comparable to that incurred in 1H2023.

Other expenses in 1H2024 included mainly (a) the foreign exchange loss of HK\$0.66 million arising from the revaluation of the Group's receivables and cash and cash equivalents denominated in Australian Dollars ("AUD") as a result of depreciation of AUD against HK\$ in 1H2024, and (b) the expected credit loss of HK\$1.22 million made on other receivables as explained under Note 11 (a) above.

Corporate

Administrative expenses of corporate office was higher in 1H2024 mainly due to higher professional fees incurred in 1H2024 in relation to the Acquisition (as explained under Note 6.2), and higher directors fees' for 2024 approved by shareholders during the annual general meeting held in May 2024.

As a result of the foregoing, the Group reported a loss of HK\$5.8 million in 1H2024 as compared to a net loss of HK\$2.0 million in 1H2023.

Consolidated statements of financial position

Non-Current Assets

Plant and equipment, right-of-use assets (and corresponding lease liabilities) and goodwill were higher as at 30 June 2024 following the completion of the Acquisition as explained under Note 6.2.

Current Assets

The Group's loan portfolio at HK\$27.6 million as at 30 June 2024, all of which are current, was the same as that as at 31 December 2023.

The Group's trade & other receivables, both current and non-current, were higher as at 30 June 2024 mainly due to (a) trade receivables under the Luggage Business, and (b) prepayment to a golf simulator developer based on the terms and conditions of the exclusive distribution right for sale of golf simulators under its brand GREENJOY® and GOLFJOY® via B2B and B2C in certain regions of the PRC. The amount will be utilised to offset against future deliveries of golf simulator orders. The increase was partially offset by the receipt of sales proceeds from Jetwin as explained under Note 20.

Inventories as at 30 June 2024 comprised mainly raw materials and finished goods recorded under the Luggage Business.

Current Liabilities

Trade & other payables comprise mainly (a) trade payables under the newly acquired Luggage Business, (b) loans from related parties under the Luggage Business, which is unsecured, interest-free and repayable on demand, (c) accrued operating expenses of the Group and (d) advance payments collected from customers in relation to orders placed for golf simulators to be fulfilled in next three to six months. Please refer to Note 16 for more details.

Lease liabilities of HK\$16.4 million as at 30 June 2024, of which HK\$14.3 million is non-current, refers mainly to leases for the operation of Luggage Business in the PRC. Please refer to Note 15 for more details.

Consolidated statements of cash flow

Net cash used in operating activities was HK\$8.8 million in 1H2024 mainly due to the Group's operating loss before working capital in 1H2024.

Net cash used in investing activities of HK\$5.5 million in 1H2024 refers to the purchase of plant and equipment under the Golf Business, and consideration paid for the Acquisition.

Net cash generated from financing activities of HK\$14.2 million in 1H2024 refers mainly to the capital contribution from non-controlling interests and new bank loan under the Luggage Business.

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\$47.4 million as at 30 June 2024.

NET PACIFIC FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

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

22 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The Company has stated in the results announcement dated 29 May 2024 for first quarter ended 31 March 2024 that the revenue contribution from the Golf Business is expected to pick up and expects revenue contribution from the Luggage Business in 2024. The Company is pleased to update that the Golf Business and Luggage Business accounted for 18% (from 0.45% in FY2023) and 68% (Luggage Business acquisition was completed on 10 May 2024) of the group revenue respectively in 1H2024. Please refer to more explanations under Note 21 above.

23 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. To-date, no exceptional issues arising from our customers under the Financing Business 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 potentially enhancing returns for both the business and its shareholders.

Our ongoing pursuit of potential investments has led to the Group's expansion into the Golf and Luggage businesses. Following the completion of the Acquisition on 10 May 2024, the Group will continue to manage its business operations in both PRC and Hong Kong as it simultaneously seeks business opportunities to strengthen its fundamentals. The Group will update shareholders on any material developments as and when they arise.

24 Dividend

If a decision regarding dividend has been made:

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

No dividend was declared or recommended during the financial period ended 30 June 2024 because the Group was not profitable in 1H2024. Also the Group would like to preserve cash for the new business segments and other investment 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 period ended 30 June 2023.

(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

25 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.

26 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 Catalist Rules.

NET PACIFIC FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

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

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

Other than as disclosed under Note 6.2 and 10 above, the Company did not acquire and/or dispose shares in any companies during the financial period ended 30 June 2024.

BY ORDER OF THE BOARD

Ong Chor Wei @ Alan Ong
Chief Executive Officer & Executive Director
12 August 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.

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.

NET PACIFIC FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

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CONFIRMATION BY THE BOARD

The board of directors confirms that, to the best of their knowledge, nothing has come to their attention which may render the unaudited condensed interim financial statements of the Group for the quarter ended 30 June 2024 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Zhou Wen Jie
Non-independent Non-executive Director
12 August 2024

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