

Net Pacific Financial Holdings Limited

(Incorporated in the Republic of Singapore)
(Company Registration Number 200300326D)

MATERIAL VARIANCES BETWEEN UNAUDITED AND AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Unless otherwise defined, capitalised terms herein shall have the same meaning as ascribed to them in the Company's announcement dated 25 February 2022 in relation to its unaudited financial results for the financial year ended 31 December 2021.

The Board of Directors (the "**Board**") of Net Pacific Financial Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the announcement released by the Company on 25 February 2022 in relation to its unaudited financial results for the financial year ended 31 December 2021 ("**FY2021**") (the "**Unaudited Financial Statements**").

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the SGX-ST, the Board would like to announce that subsequent to the release of the Unaudited Financial Statements, certain adjustments and reclassifications were made to the Unaudited Financial Statements following the finalisation of the audit by the Company's external auditor.

The material variances between the Unaudited Financial Statements and the audited financial statements for FY2021 (the "**Audited Financial Statements**") arose mainly due to the re-presentation of certain items in the Consolidated Statement of Cash Flow ("**SOCF**").

The details of the material adjustments and differences are set out in Appendix A below.

Shareholders are advised to exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

The Board confirms that to the best of its knowledge, all material disclosures, facts and information have been provided and announced and is not aware of any facts, information or disclosures, the omission of which would make any statement in this announcement or disclosures misleading.

By Order of the Board

Mr Ong Chor Wei @ Alan Ong
Executive Director and Chief Executive Officer
11 April 2022

*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 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.

Appendix A

Consolidated Statement of Cash Flows for the financial year ended 31 December 2021

	Audited Financial Statements HK\$'000	Unaudited Financial Statements HK\$'000	Variance HK\$'000
Cash Flows from Operating Activities			
Profit before taxation	813	813	
Adjustments for:			
Depreciation of plant and equipment	8	8	
Depreciation of right-of-use assets	77	77	
Gain on settlement of loan (Note 1(b))	(221)	-	221
Gain on termination of lease	(9)	(9)	
(Reversal) / Allowance for impairment loss of loans and advances (Note 1(b))	(4,165)	-	4,165
Interest income	(3,312)	(3,312)	
Interest expense on lease liabilities	5	5	
Unrealised exchange differences (Note 2)	882	-	(882)
Operating loss before working capital changes	(5,922)	(2,418)	3,504
Changes in loans and advances (Note 1(a))	-	18,584	18,584
Changes in other receivables (Note 1(a))	(3,055)	(26,025)	(22,970)
Changes in other payables	5,900	5,900	
Cash (used in) / generated from operations	(3,077)	(3,959)	(882)
Dividend received	350	350	
Interest received	3,312	3,312	
Income tax paid	(420)	(420)	
Net cash generated from / (used in) operating activities	165	(717)	(882)
Cash Flows from Investing Activities			
Acquisition of plant and equipment	(18)	(18)	
Net cash used in investing activities	(18)	(18)	
Cash Flows from Financing Activities			
Payment of principal portion of lease liabilities	(76)	(76)	
Interest paid	(5)	(5)	
Net cash used in financing activities	(81)	(81)	
Increase / (Decrease) in cash and cash equivalents (Note 2)	66	(816)	(882)
Cash and cash equivalents at beginning of year	41,707	41,707	
Effect of exchange rate fluctuations on cash held (Note 2)	(882)	-	882
Cash and cash equivalents at end of year	40,891	40,891	

Note:

- (1) As disclosed under Note 6.1 of the Unaudited Financial Statements for FY2021, the Company had on 6 August 2021 announced that the intermediary which facilitated the Group in granting loans to borrowers located in Australia (the “**Intermediary**”), had, on 6 August 2021, entered into a deed of settlement and release (the “**2021 Deed**”) with, *inter alia*, the remaining three (3) borrowers located in Australia (the “**Borrowers**”) pursuant to which it was agreed, among other things, that the parties to the 2021 Deed shall resolve all their disputes on the terms and conditions set out in the 2021 Deed and absolutely, unconditionally and irrevocably release and forever discharge and hold each other free from and against any and all claims including their obligations under the loan agreements entered into between the Intermediary and the Borrowers without any admission of any liability of any kind whatever (the “**Settlement**”). Please refer to the announcement dated 6 August 2021 for more details.

	<u>Changes in loans and advances</u>	<u>Changes in other receivables</u>	<u>Notes</u>
Unaudited Financial Statements	18,584	(26,025)	
Settlement of loans via Intermediary	(22,749)	22,749	(a)
Reclassification of non-cash items			
Reversal for impairment loss of loans and advances	4,165	-	(b)
Gain on settlement of loan	-	221	(b)
Audited Financial Statements	-	(3,055)	

- (a) The Settlement was in the form of cash and properties, whereby the cash and legal titles of the properties were transferred to the Intermediary. The settlement of loans and advances is recorded as receivables from Intermediary (ie other receivables) in the Audited Financial Statements. As such, the settlement of loans via Intermediary, previously included under “Changes in loans and advances” in the Unaudited Financial Statements, is reclassified under “Changes in other receivables” in the Audited Financial Statements.
- (b) Accordingly, the non-cash item arising from the Settlement, namely, the reversal for impairment loss of loans and advances, and gain on settlement of loan, previously included under “Changes in loans and advances” and “Changes in other receivables” respectively in the Unaudited Financial Statements, are now reclassified to adjustments under the SOCF in the Audited Financial Statements.
- (2) The unrealised exchange differences were mainly due to exchange differences from the cash held in foreign currency.