



利通太平洋金融控股有限公司
Net Pacific Financial Holdings Limited

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

UPDATE ANNOUNCEMENT

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 announcement dated 4 May 2024 in relation to the disclaimer of opinion by auditors on the consolidated financial statements for the financial year ended 31 December 2023 (“**FY2023**”) and subsequent update provided in the unaudited second quarter results announcement dated 12 August 2024 for the financial period ended 30 June 2024 (collectively, the “**Previous Announcements**”).

Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings as ascribed to them in the Previous Announcements.

Further to the Previous Announcements, the Board wishes to update on the following:

- (1) Based on public information, Nicheliving Holdings Limited (“**NLH**”), the holding company of the builder engaged to construct the remaining three properties (“**Properties**”) has struck a deal with the state government of Western Australia to give up its building registration for the next decade in exchange for the Western Australia government waiving its insurance liability. This will result in NLH’s building licence being revoked, and its customers (including Jetwin) will now be able to claim under government-mandated home indemnity insurance from QBE Insurance (Australia) Ltd (“**QBE Home Indemnity Insurance**”), which protects a homeowner against financial loss when a builder is unable to complete contracted construction work or meet a valid claim for defective or unsatisfactory building work because the builder’s license has expired or has become insolvent, and appoint another builder to complete the construction of the Properties, in this case. The maximum amount claimable from QBE Home Indemnity Insurance by Jetwin for the Properties is AUD600,000.
- (2) Australian legal advisor has previously advised that, whilst this new development does not stop Jetwin from prosecuting its claims against the builder under NLH through mediation and arbitration on delay in completion of the Properties, it is prudent to re-evaluate the practical prospects of this option, as this strategy would only work if NLH continues to be in operation. The mediation and subsequent arbitration are temporarily halted until Jetwin has had the chance to re-assess the options (including considering potential claims under QBE Home Indemnity Insurance). This is to avoid having to incur unnecessary legal costs (and fees payable to the mediator) to carry out these works, given that NLH will not be able to continue its construction.

Now that it is confirmed that NLH no longer holds the building licence and the fact that NLH does not seem to own any material assets, any claims against NLH are likely to be futile. Jetwin will have to complete the Properties at its own cost.

- (3) Preliminary quotes from other new builders indicated that the additional construction cost or modification on constructions in progress would be at least AUD2.5 million, of which the Group’s 55.58% share of the cost is approximately AUD1.4 million. Assuming that Jetwin is able to claim under QBE Home Indemnity Insurance of AUD600,000, the Group’s share of construction cost will be reduced to approximately AUD1.05 million.

The construction is estimated to take another 8-10 months to complete from issuance of new building permit to the new builder to be appointed.

- (4) Based on the terms of the settlement deed signed between Jetwin and NLH in 2021 (“**2021 Deed**”), the Australian legal advisor is of the view that Jetwin has an arguable case against NLH

for breach of its obligation under clause 3.9 (a) of the 2021 Deed – namely, its failure to procure that a NLH entity constructs Jetwin a dwelling on the Properties. If this claim is successful, it should entitle Jetwin to claim financial damages against NLH for the loss it suffered, including the Group's share of the construction cost of AUD1.4 million as mentioned under point (3) above. However, considering that NLH no longer holds the building license and the negative news on NLH, the Board is of the view that the prospect of recovery is low even if the action is successful.

- (5) Upon consideration of the different options and assessing two alternative potential offers received so far, the Group had on 1 November 2024, entered into a deed of assignment (the "**Deed**") with Jetwin and Mr Tsui Wai Hung, Peter ("**Mr Tsui**") based on the following key terms:
- (a) The Group agrees to transfer, and Mr Tsui agrees to purchase the rights and obligations in the amount receivable due from Jetwin to-date ("**Loan Rights**"), as set out in the confirmation letter signed between the Group and Jetwin in 2021 ("**Confirmation Letter**") to Mr Tsui for an amount of AUD1,180,000 (the "**Purchase Price**");
 - (b) Jetwin, by execution of this Deed, confirms that it is bound by terms of the Confirmation Letter and that it acknowledges that the Loan Rights are assigned to Mr Tsui under the terms of this Deed;
 - (c) The Purchase Price is to be payable as follows:
 - 10% of the Purchase Price within 7 days of execution of the agreement (which has been received at time of announcement);
 - 40% of the Purchase Price by the end of November 2024; and
 - the remaining 50% of the Purchase Price before 31 December 2024; and
 - (d) The Loan Rights will be transferred from the Group to Mr Tsui upon the final instalment of the Purchase Price.

To the best of the knowledge of the Board and having made all reasonable enquiries, Mr Tsui is an independent third-party businessman with various investments experiences in Hong Kong and China. The credit committee members of the Group met Mr Tsui during a business networking meeting, who expressed interest in property development in Australia.

To the best of the knowledge of the Board, none of the Company's directors or controlling shareholders or their associates has any interest, direct or indirect, in the Deed arrangement, other than through their respective shareholdings in the Company.

The Purchase Price was arrived at after arm's length negotiation between the Group, Jetwin and Mr Tsui, having considered, among other things, the marketability and the recoverability of the Loan Rights. The Board is of the view that the Deed arrangement is in the best interests of the Shareholders as a whole, having considered the two alternative offers received for the Properties, the terms offered under these alternative offers, and further capital investment, risk exposures and time required should the Group decide to continue with the construction on its own.

- (6) Based on the amount receivable from Jetwin of approximately AUD2.6 million as at 30 September 2024 and writing back of accrual for certain expense related to the Properties amounting to approximately AUD0.7 million, taking into account an amount of approximately AUD0.4m previously deposited with Jetwin for ad-hoc payment of the Group's portion of the properties-related expenses, the Deed arrangement is expected to result in an impairment loss of approximately AUD0.3 million or HKD1.5 million in the current financial year ending 31 December 2024 ("**FY2024**").
- (7) The Board is of the view that the Deed arrangement presents an opportunity for the Group to realise its assets, which will positively contribute to cash flow, mitigate risks due to uncertainty, and reduce the financial burden on the Group.
- (8) The Company is of the view that the accounting issues in relation to the disclaimer of opinion by auditors on the consolidated financial statements for FY2023 have been satisfactorily resolved as at 31 December 2024 with the full settlement of the amount receivable from Jetwin on or before

31 December 2024 pursuant to the transfer of the Loan Rights. However, the Company acknowledged that the financial statements for FY2024 will be modified because of the possible effects of the matters that gave rise to the modification in FY2023 which has an effect on the comparability of the current and corresponding figures.

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

Ong Chor Wei @ Alan Ong
Chief Executive Officer and Executive Director
4 November 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.*

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