

# NET PACIFIC FINANCIAL HOLDINGS LIMITED

## Half Year Financial Statement Announcement for the period ended 30 June 2015

### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR ANNOUNCEMENTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	HY2015 HK\$'000	HY2014 HK\$'000	% + / (-)
<b>Revenue</b> <sup>(1)</sup>	<b>12,789</b>	<b>8,774</b>	46
Other income <sup>(2)</sup>	-	4,434	NM
Marketing and distribution costs	(116)	(68)	71
Administrative expenses	(3,393)	(3,197)	6
Other expenses <sup>(3)</sup>	(6,893)	(1,007)	585
<b>Profit before income tax</b>	<b>2,387</b>	<b>8,936</b>	(73)
Income tax expenses	(891)	(639)	39
<b>Profit for the period and attributable to the equity holders of the company</b>	<b>1,496</b>	<b>8,297</b>	(82)
<b>Profit representing comprehensive income for the period and attributable to the equity holders of the company</b>	<b>1,496</b>	<b>8,297</b>	(82)

NM: Not meaningful

#### Notes to the consolidated income statement

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

	Group		
	HY2015 HK\$'000	HY2014 HK\$'000	% + / (-)
<i>(1) Revenue consists of</i>			
Interest income			
Interest income from Financing Business	9,582	6,803	41
Interest income from Investments	70	73	(3)
Dividend income from Financing Business	3,137	1,898	65
	<b>12,789</b>	<b>8,774</b>	46
<i>(2) Included in other income are:</i>			
Change in fair value on financial assets at fair value through profit or loss	-	9	NM
Foreign exchange gain	-	4,425	NM
	-	<b>4,434</b>	NM
<i>(3) Included in other expenses are:</i>			
Change in fair value on financial assets at fair value through profit or loss	(10)	-	NM
Underwriting expenses	(1,581)	(991)	60
Foreign exchange losses	(5,302)	-	NM
Loss on disposal of financial assets at fair value through profit or loss	-	(16)	NM
	<b>(6,893)</b>	<b>(1,007)</b>	585
Depreciation for plant and equipment	(3)	(3)	-

NM: Not meaningful

# NET PACIFIC FINANCIAL HOLDINGS LIMITED

## Half Year Financial Statement Announcement for the period ended 30 June 2015

### 1(b) (i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	As at 30/06/15 HK\$'000	As at 31/12/14 HK\$'000	As at 30/06/15 HK\$'000	As at 31/12/14 HK\$'000
<b>ASSETS</b>				
<b><u>Non-current assets</u></b>				
Plant and equipment	-	3	-	3
Available-for-sale financial assets ("AFS")	37,410	36,513	-	-
Loans and advances	20,411	9,524	-	-
Other receivables	2,615	1,419	-	-
Investments in subsidiaries	-	-	1,069	1,069
<b>Total non-current assets</b>	<b>60,436</b>	<b>47,459</b>	<b>1,069</b>	<b>1,072</b>
<b><u>Current assets</u></b>				
Loans and advances	66,777	80,600	-	-
Other receivables	23,976	19,312	93	81
Financial assets at fair value through profit or loss	1,496	1,535	-	-
Amounts due from subsidiaries	-	-	143,301	151,888
Cash and cash equivalents	10,939	20,700	755	1,560
<b>Total current assets</b>	<b>103,188</b>	<b>122,147</b>	<b>144,149</b>	<b>153,529</b>
<b>Total assets</b>	<b>163,624</b>	<b>169,606</b>	<b>145,218</b>	<b>154,601</b>
<b>EQUITY AND LIABILITIES</b>				
<b><u>Equity</u></b>				
Share capital	145,101	145,101	145,101	145,101
Share option reserve	340	340	340	340
Fair value reserves - AFS	3,173	3,173	-	-
Accumulated profits	7,972	12,437	(1,613)	6,217
<b>Total equity</b>	<b>156,586</b>	<b>161,051</b>	<b>143,828</b>	<b>151,658</b>
<b><u>Current liabilities</u></b>				
Other payables and accrued liabilities	3,612	6,008	1,357	2,908
Current tax payable	3,426	2,547	33	35
<b>Total current liabilities</b>	<b>7,038</b>	<b>8,555</b>	<b>1,390</b>	<b>2,943</b>
<b>Total liabilities</b>	<b>7,038</b>	<b>8,555</b>	<b>1,390</b>	<b>2,943</b>
<b>Total equity and liabilities</b>	<b>163,624</b>	<b>169,606</b>	<b>145,218</b>	<b>154,601</b>

### 1(b) (ii) Aggregate amount of group's borrowings and debt securities

As at 30 June 2015		As at 31 December 2014	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b><u>Amount repayable in one year or less, or on demand</u></b>			
-	-	-	-
<b><u>Amount repayable after one year</u></b>			
-	-	-	-

Details of any collaterals - Not applicable

# NET PACIFIC FINANCIAL HOLDINGS LIMITED

## Half Year Financial Statement Announcement for the period ended 30 June 2015

### 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group	
	HY2015 HK\$'000	HY2014 HK\$'000
<b>Cash flows from operating activities:</b>		
Profit after tax	1,496	8,297
Adjustments for:		
Depreciation for plant and equipment	3	3
Change in fair value on financial assets at fair value through profit or loss	10	(9)
Income tax expenses	891	639
Interest income	(9,652)	(6,876)
Dividend income	(3,137)	(1,898)
Loss on disposal of financial assets at fair value through profit or loss	-	16
Effect of exchange rate changes	536	(56)
<b>Operating profit before changes in working capital</b>	<b>(9,853)</b>	<b>116</b>
Decrease / (increase) in loans and advances	2,936	(26,007)
Decrease in other receivables	2,791	8,939
Increase in available-for-sale financial assets	(897)	-
Decrease in other payables	(2,238)	(2,498)
<b>Cash used in operations</b>	<b>(7,261)</b>	<b>(19,450)</b>
Interest income received	2,241	8,393
Dividend income received	1,898	1,630
Income tax paid	(13)	(15)
<b>Net cash used in operating activities</b>	<b>(3,135)</b>	<b>(9,442)</b>
<b>Cash flows from investing activities:</b>		
Disposal of financial assets at fair value through profit or loss	-	3,066
<b>Net cash generated from investing activities</b>	<b>-</b>	<b>3,066</b>
<b>Cash flows from financing activities:</b>		
Payment of dividends	(5,961)	(5,961)
<b>Net cash used in financing activities</b>	<b>(5,961)</b>	<b>(5,961)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(9,096)</b>	<b>(12,337)</b>
Cash and cash equivalents at beginning of the financial period	20,700	40,186
Effect of exchange rate changes on cash and cash equivalents	(665)	93
<b>Cash and cash equivalents at end of the financial period</b>	<b>10,939</b>	<b>27,942</b>

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## Half Year Financial Statement Announcement for the period ended 30 June 2015

1(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Attributable to equity holders of the Company				
	Share Capital	Share Option Reserve	Fair Value Reserve - AFS	Accumulated Profits	Total Equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Group</b>					
Balance as at 1/1/2014	145,101	340	1,144	12,318	158,903
Total profit and comprehensive income for the period *	-	-	-	8,297	8,297
Dividend paid	-	-	-	(5,961)	(5,961)
<b>Balance as at 30/06/2014</b>	<b>145,101</b>	<b>340</b>	<b>1,144</b>	<b>14,654</b>	<b>161,239</b>
Balance as at 1/1/2015	145,101	340	3,173	12,437	161,051
Total profit and comprehensive income for the period *	-	-	-	1,496	1,496
Dividend paid	-	-	-	(5,961)	(5,961)
<b>Balance as at 30/06/2015</b>	<b>145,101</b>	<b>340</b>	<b>3,173</b>	<b>7,972</b>	<b>156,586</b>

	Share Capital	Share Option Reserve	Accumulated Profits	Total Equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<b>Company</b>			
Balance as at 1/1/2014	145,101	340	6,030	151,471
Total profit and comprehensive income for the period *	-	-	(1,131)	(1,131)
Dividend paid	-	-	(5,961)	(5,961)
<b>Balance as at 30/06/2014</b>	<b>145,101</b>	<b>340</b>	<b>(1,062)</b>	<b>144,379</b>
Balance as at 1/1/2015	145,101	340	6,217	151,658
Total profit and comprehensive income for the period *	-	-	(1,869)	(1,869)
Dividend paid	-	-	(5,961)	(5,961)
<b>Balance as at 30/06/2015</b>	<b>145,101</b>	<b>340</b>	<b>(1,613)</b>	<b>143,828</b>

\* There were no other comprehensive income items.

## NET PACIFIC FINANCIAL HOLDINGS LIMITED

### Half Year Financial Statement Announcement for the period ended 30 June 2015

- 1(d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding the treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

There were no changes in the Company's share capital during the six months ended 30 June 2015 ("HY2015").

#### Share Options

As at 30 June 2015, the number of share options ("Options") that are outstanding under the Net Pacific Employee Share Option Scheme are as follows:

Date of grant	Number of Options outstanding as at 30 June 2015	Number of Options lapsed / cancelled during HY2015	Maximum number of Shares to be issued upon exercise of the Options outstanding as at 30 June 2015	Exercise price per share	Exercise period
9 May 2011	7,000,000	-	7,000,000	S\$0.035	9/5/2012 to 8/5/2016
9 May 2011	20,750,000	-	20,750,000	S\$0.035	9/5/2012 to 8/5/2021
Total	27,750,000	-	27,750,000		

The Options have a vesting period of one year and the share-based payment expenses were fully recognised in FY2011. No further share-based payment expenses were required to be recognised since then.

#### Warrants

As at 30 June 2015, the Company had 255,674,598 outstanding warrants ("Warrants") (30 June 2014: 255,674,598), each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company at an exercise price of S\$0.12. All the Warrants have since expired on 21 July 2015. Accordingly, as at the date of this announcement, the Company does not have any other outstanding Warrant.

Save as disclosed above, the Company did not have any other convertibles or any treasury shares as at 30 June 2015 and 30 June 2014.

- 1(d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at 30/06/15	As at 31/12/14
Total number of issued shares excluding treasury shares	525,624,328	525,624,328

- 1(d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

The Company did not have any treasury shares and there were no sales, transfers, disposal, cancellation or use of treasury shares as at 30 June 2015.

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## Half Year Financial Statement Announcement for the period ended 30 June 2015

**2 Whether the figures have been audited, or reviewed and in accordance with which auditing standards or practice**

The figures have not been audited or reviewed by the Company's auditors.

**3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)**

Not applicable.

**4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The Group has applied the same accounting policies and methods of computation in the preparation of its financial statements for the current reporting period compared with those adopted in the preparation of its audited financial statements for the financial year ended 31 December 2014 ("**FY2014**"), except as stated in Paragraph 5 below.

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Except for the adoption of Revised FRS19 (Defined Benefit Plan: Employee Contribution), Improvements to FRSs (January 2014) and Improvements to FRSs (February 2014), there are no changes in the accounting policies and methods of computation used in the preparation of the financial information in this announcement which are effective for the period beginning on or after 1 January 2015. The adoption of the above FRSs has no significant impact on the financial position or performance of the Group.

**6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

Earnings per ordinary share	Group	
	HY2015	HY2014
- Basic (Hong Kong cents)	0.28	1.58
- Diluted (Hong Kong cents)	0.28	1.58

Basic earnings per ordinary share has been computed based on 525,624,328 shares (HY2014 : 525,624,328 shares) being the weighted average number of ordinary shares in issue during HY2015.

Diluted earnings per ordinary share has been computed based on 525,624,328 shares (HY2014 : 525,624,328 shares) being the weighted average number of ordinary shares in issue during HY2015 and the outstanding Options has no dilutive impact on the earnings per ordinary share for HY2015 as they are anti-dilutive (HY2014 : the outstanding Options have no dilutive impact on the earnings per ordinary share for HY2014 as they are anti-dilutive).

The outstanding Warrants have no dilutive impact on the earnings per ordinary share for both HY2015 and HY2014 as they are anti-dilutive.

**7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

	Group		Company	
	As at 30/06/15	As at 31/12/14	As at 30/06/15	As at 31/12/14
Net asset value per ordinary share (Hong Kong cents)	29.79	30.64	27.36	28.85

Net asset value per ordinary share has been computed based on the number of ordinary shares outstanding of 525,624,328 shares as at 30 June 2015 and 31 December 2014.

# NET PACIFIC FINANCIAL HOLDINGS LIMITED

## Half Year Financial Statement Announcement for the period ended 30 June 2015

- 8 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**

### Background

The Company and its subsidiaries (the "**Group**") remain focused on its core business in the provision of financing services (the "**Financing Business**") in the People's Republic of China ("**PRC**"), the Hong Kong Special Administrative Region (the "**HKSAR**") and Australia. Under the Financing Business, the Group's business activities are principally the provision of mezzanine loans and investments in companies with good fundamentals and growth potential. The Group also invests in short term financial instruments using cash on hand pending loan disbursement under its Financing Business as and when opportunities arise (the "**Investments**").

### Consolidated statement of comprehensive income

The Group recorded higher revenue of HK\$12.8 million in the six months ended 30 June 2015 ("**HY2015**"), as compared to HK\$8.8 million in the six months ended 30 June 2014 ("**HY2014**").

Revenue from the Financing Business comprises interest income from loans extended by the Group to customers and dividend income from the Group's investments in companies. The increase in revenue from Financing Business of HK\$4.0 million in HY2015 was mainly due to higher interest income from certain loan portfolios disbursed in second half of FY2014.

Revenue from Investments which relates to the interest income arising from the Group's investments in short term financial instruments has remained stable in HY2015 and HY2014.

Other income of the Group in HY2014 was HK\$4.4 million, mainly due to the foreign exchange gains arising from the revaluation of the Group's loan portfolio denominated in Australian Dollars ("**A\$**") as A\$ appreciated against HK\$ in HY2014.

Total operating expenses of the Group (comprising marketing and distribution costs and administrative expenses) were HK\$3.4 million in HY2015, which was HK\$0.2 million or 6% higher as compared to the total operating expenses of HK\$3.2 million in HY2014, due mainly to higher directors' fees approved in the annual general meeting in April 2015.

Other expenses in HY2015 refer mainly to the underwriting expenses relating to loans extended to certain customers in Australia and foreign exchange losses arising from the revaluation of the Group's loan portfolio denominated in A\$ as a result of the depreciation of A\$ against HK\$ in HY2015.

The Group's income tax expense of HK\$0.9 million in HY2015 relates mainly to the withholding tax payable on the interest income from the loans extended to the Australian companies.

As a result of the foregoing, the Group reported a lower net profit of HK\$1.5 million in HY2015 as compared to a net profit of HK\$8.3 million in HY2014.

If foreign exchange effects are excluded, the Group's net profit would have been HK\$6.8 million in HY2015 as compared to a net profit of HK\$3.9 million in HY2014.

# NET PACIFIC FINANCIAL HOLDINGS LIMITED

## Half Year Financial Statement Announcement for the period ended 30 June 2015

### Consolidated statements of financial position

The Group's available-for-sale financial assets ("AFS") relate to the Group's investment of HK\$34.2 million by way of preference shares in the capital of customers, and were reflected at a fair value of HK\$37.4 million as at 30 June 2015, based on the valuation provided by an independent valuer.

The Group's total loans and advances, mainly to customers in Australia and the PRC, amounted to HK\$87.2 million as at 30 June 2015, of which an amount of HK\$20.4 million was non-current and an amount of HK\$66.8 million was current. In terms of the number of clients, the Group had in aggregate 7 clients as at 30 June 2015 which was comparable to that as at 31 December 2014.

The Group's total other receivables, which consisted mainly of interest and dividend income receivables, were higher at HK\$26.6 million as at 30 June 2015 as compared to HK\$20.7 million as at 31 December 2014 mainly because the interest receivables of certain loans are accumulative over the loan tenure and are due for payment only upon maturity of loan.

The financial assets at fair value through profit or loss of the Group relate to the Group's investments in short term financial instruments using cash on hand pending further financing and investment opportunities. These investments were marked to market value as at the end of the respective financial period.

Other payables of the Group were lower at HK\$3.6 million as at 30 June 2015 as compared to HK\$6.0 million as at 31 December 2014 due to repayment of co-funded investment in loans and advances by a third party as the customer repaid the loan and advances in HY2015.

### Consolidated statements of cash flow

The Group's cash and cash equivalents stood at HK\$10.9 million as at 30 June 2015.

The Group had lower net cash used in operating activities of HK\$3.1 million in HY2015 due mainly to lower loan disbursements in HY2015, as compared to the net increase in new loans in HY2014.

The Group's net cash generated from investing activities in HY2014 relates mainly to the disposal of the Group's investment in short term financial instruments.

The Group's net cash used in financing activities in HY2015 relates to the payment of the first and final dividend in respect of FY2014.

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

Not applicable as there was no forecast or prospect statement previously disclosed to the Company's shareholders.

### **10 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**

Although the PRC economy may be showing signs of slowing down, the Directors believe that the PRC and HKSAR continue to present opportunities for the Group's Financing Business which is targeted at small and mid-sized companies. In light of the weakening PRC economic outlook, the Group is cautious and remains vigilant in monitoring its existing loans and investments. Despite recent foreign exchange fluctuation, the Group has identified Australia as one of its core markets to enhance returns and drive growth. For the current financial year ending 31 December 2015 ("FY2015"), subject to business considerations and other factors deemed relevant by the Directors, the Group will seek to limit its loan portfolio exposure to customers in Australia to no more than 60% of the Group's total loan portfolio (in HK\$ terms) for risk management purposes. The Group will also closely monitor the impact of fluctuation in foreign currencies on its loan portfolio, in particular, loans extended by the Group which are denominated in A\$.

The Directors are mindful of managing and balancing the Group's investment and credit risks and will deploy capital prudently. The Directors are cautiously optimistic of the Group's prospects in FY2015 as the Group seeks to make more investments and disbursements under the Financing Business.

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### 11 Dividend

#### (a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

#### (b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

### 12 If no dividend has been declared (recommended), a statement to that effect

No dividend has been declared or recommended for the six months ended 30 June 2015.

### 13 If the group has obtained a general mandate from shareholders for 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 interested person transactions.

### 14 Negative confirmation pursuant to Rule 705(5)

#### Confirmation by the board of directors pursuant to Rule 705(5) of the SGX-ST Listing Manual Section B: Rules of Catalyst

We, Ong Chor Wei @ Alan Ong and Kwok Chin Phang, hereby confirm on behalf of the board of directors of Net Pacific Financial Holdings Limited that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of the Group for the six months ended 30 June 2015 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Ong Chor Wei @ Alan Ong  
Chief Executive Officer

Kwok Chin Phang  
Chief Operating Officer

#### BY ORDER OF THE BOARD

Ong Chor Wei @ Alan Ong  
Chief Executive Officer

13 August 2015

*This announcement has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume 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 Tan Cher Ting, Director, Investment Banking, CIMB Bank Berhad, Singapore Branch, at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.*