



**ENTRY INTO A SUPPLEMENTAL AGREEMENT
IN RELATION TO THE ACQUISITION OF BEN SPORTS AND MANAGEMENT LIMITED AND
ITS SUBSIDIARY**

1. INTRODUCTION

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

(a) 25 September 2023 in relation to the acquisition of 100% of the total issued and paid-up share capital of Ben Sports and Management Limited (the “**Target**”) and its wholly-owned subsidiary, Ben Sports & Culture Development (Foshan) Co., Ltd. (本能体育文化发展(佛山)有限公司) (the “**Target Subsidiary**”; collectively with the Target, the “**Target Group**”), from Mr. Ben Lee, a Non-Independent Non-Executive Director of the Company (the “**Vendor**”) (the “**Acquisition**”) (“**25 September Announcement**”); and

(b) 1 December 2023 in relation to the completion of the Acquisition,

(collectively, the “**Previous Announcements**”).

Unless otherwise defined, all terms and references used herein shall bear the same meanings as ascribed to them in the Previous Announcements.

2. ENTRY INTO SUPPLEMENTAL AGREEMENT

2.1 Further to Section 2.7 of the 25 September Announcement, the Board wishes to announce that the Company has on 31 January 2024, entered into (i) a shareholder’s loan agreement with the Target (“**SLA**”) in relation to the Funding and (ii) a supplemental agreement to the SPA with the Vendor (“**Supplemental Agreement**”).

2.2 Under the SLA,

(a) The Company will provide up to RMB 9,000,000 (“**Loan**”) to the Target as the Company may, in its sole discretion, deem necessary for the expenses incurred as set out under Section 2.1(a) of the 25 September Announcement and working capital purposes in furtherance of the business of the Target Group, whose principal activity is the sale of golf simulators and the operation of golf simulator venues in the PRC (the “**Business**”), including enhancement of existing equipment, and expansion plans;

(b) the Loan may be provided by the Company in separate tranches, in accordance with business plans and cash flow requirements;

(c) interest on each tranche of the Loan shall be calculated from, and including, the date of disbursement at the rate of 8% per annum, payable yearly in arrears by the date falling sixty (60) days from the date such interest is accrued. Notwithstanding this, the Company reserves the right to alter or change the interest rate of the Loan at its sole discretion; and

- (d) the Target shall repay the principal amount of the Loan on the date falling two (2) years from the date of disbursement of the initial tranche of the Loan (the “**Maturity Date**”). Notwithstanding this, the Company reserves the right to alter the Maturity Date at its sole discretion, if deemed beneficial. The Company will make the necessary update announcement(s), if required, in compliance with applicable Catalist Rules.

The Loan will be funded through the Group’s internal resources. The interest of 8% as set out in Section 2.2(c) above is arrived at after considering the following factors: (i) the current base interest rate of 12% for existing loans under the Financing Business (ii) the prevailing interest rates in the market which is in the range of 5% and 36% for varying loan durations, quantum, security and credibility of borrowers and (iii) the additional benefit of acquiring the equity interest in the Target Group apart from the interest payable from the Loan, as set out in Section 3 of the 25 September 2023 Announcement.

2.3 Further to the Supplemental Agreement, the Company had requested and the Vendor had agreed to provide the undertaking below:

- (a) The Vendor undertakes that in the event the Target fails to repay, in whole or any part thereof, the interest payable on the relevant tranche of the shareholder’s loans (“**Loan Interest**”) as set out in the SLA, the Vendor shall be responsible for such Loan Interest due but not having been paid by the Target, and shall make payment of such Loan Interest to the Company. Such Loan Interest shall be payable in RMB or HKD equivalent and in cash to the Company within two (2) months of the relevant Loan Interest being due (the “**SLA Undertaking**”); and
- (b) In addition to Section 2.3(a) above, the Vendor undertakes that in the event the Company (at its sole discretion) requires the Vendor to purchase the Company’s interest in the Target (the “**NET Shares**”) from the Company, the Vendor shall acquire the NET Shares from the Company within three (3) to six (6) months, for an amount equivalent to the shareholder’s loans which has been disbursed under the SLA, subject to compliance with applicable Catalist Rules, and such amount shall be payable in RMB or HKD equivalent and in cash to the Company. This Section 2.3(b) shall only apply during the period commencing from the date of the Supplemental Agreement and ending on the date falling on the fifth anniversary of the date of the Supplemental Agreement.

2.4 The SLA and Supplemental Agreement will help to enhance the recoverability of the Loan and Loan Interest and safeguard the Company’s interests.

3. **INTERESTED PERSON TRANSACTION**

As set out in the 25 September Announcement, the Vendor is a Non-Independent Non-Executive Director and controlling shareholder of the Company. Accordingly, the Vendor is an “interested person” for the purposes of Chapter 9 of the Catalist Rules. The SLA Undertaking is an “interested person transaction” as the SLA Undertaking is provided by the Vendor (being the interested person) to the Company (being the entity at risk) and involves the receipt of financial assistance, by way of provision of a guarantee by the Vendor for the shareholder’s loan pursuant to the SLA which is a receivable to the Company. However, the Company takes the view that by reason of the nature of the SLA Undertaking, it is beneficial to the Company as it enhances the recoverability of the Loan and Loan Interest and safeguards the Company’s interests. In this regard, there is no change to the Chapter 9 calculations as set out in Section 6 of the 25 September Announcement.

4. **STATEMENT BY AUDIT COMMITTEE**

The members of the Audit Committee are considered independent for the purposes of the SLA and the Supplemental Agreement. The Audit Committee having considered, *inter alia*, the rationale and information relating to the SLA and the Supplemental Agreement is of the

view that the SLA and Supplemental Agreement are on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this announcement, none of the Company's directors or controlling shareholders or their associates has any interest, direct or indirect, in the SLA or the Supplemental Agreement, other than through their respective directorships and shareholdings in the Company, if any.

6. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SLA and the Supplemental Agreement are available for inspection during normal business hours at the registered address of the Company at 35 Selegie Road #10-25 Singapore 188307 for a period of three (3) months from the date of this announcement.

7. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution when dealing or trading in the Company's shares. There is no certainty or assurance as at the date of this announcement that no changes will be made to the terms of the SLA or the Supplemental Agreement. The Company will make the necessary announcement(s) as appropriate or when there are further material developments on the SLA or Supplemental Agreement. Shareholders and potential investors of the Company are advised to read this announcement and further announcements made by the Company, if any, carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the SLA, Supplemental Agreement, the Company, the Group, the Target, and the Target Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

By Order of the Board
Net Pacific Financial Holdings Limited

Ong Chor Wei @ Alan Ong
Executive Director

31 January 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.