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12 and Debtor-in-Possession

12 IN THE UNITED STATES DISTRICT COURT
13 FOR THE NORTHERN MARIANA ISLANDS
14 BANKRUPTCY DIVISION

15 In re
16 IMPERIAL PACIFIC INTERNATIONAL
17 (CNMI), LLC,
18 Debtor and
19 Debtor-in-Possession.

Case No. 24-00002
(Chapter 11)

HEARING
DATE: May 22, 2024
TIME: 8:30 a.m.
JUDGE: Hon. Ramona Manglona

88914

20
21 **SUBMISSION OF REDLINED LOAN TERM SHEET AND DEBTOR IN**
22 **POSSESSION LOAN AGREEMENT; EXHIBITS A-B**

23 IMPERIAL PACIFIC INTERNATIONAL (CNMI), LLC, debtor and debtor in
24 possession (the “Debtor”) in the above-captioned chapter 11 case, submits as Exhibit
25 A, a redlined and revised Loan Term Sheet, and as Exhibit B, the proposed Debtor-
26 in-Possession Loan Agreement.
27



The proposed DIP Loan Term Sheet has been amended as follows:

1. Deletes collateral and superpriority priority requirement and gives Lender administrative priority status only; and
2. Other non-material changes made for clarity and as needed to reflect the above changes.

The proposed DIP Lender, Loi Lam SIT, is a Hong Kong resident. The Lender's family owns and operates Top Pride International Ltd., which engages in wholesale and retail sales of perfume, makeup, skin care and cosmetic goods. The Lender is not an "insider" of the Debtor, and has no ownership interest in the Debtor, Best Sunshine International Ltd. (the sole member of the Debtor), or Imperial Pacific International Holdings Ltd. (the owner of Best Sunshine International, Ltd.).

DATED: Hagatna, Guam, May 10, 2024

/s/ Charles H. McDonald II
CHUCK C. CHOI
ALLISON A. ITO
CHARLES H. McDONALD II (F0494)
Attorneys for Debtor
and Debtor-in-Possession

EXHIBIT A

[AMENDED] LOAN TERM SHEET FOR \$7,000,000.00 DIP CREDIT FACILITY

Borrowers: IMPERIAL PACIFIC INTERNATIONAL (CNMI), LLC, (the “Borrower” or “Debtor”) as debtor-in-possession in Chapter 11 Case in the United States District Court for the District of the Northern Mariana Islands (“Court”), in the Debtor’s Chapter 11 case (“Chapter 11 Case”).

Lender: Loi Lam SIT ([REDACTED]) (“Lender”).

Loan Amount and Terms: Maximum credit facility of up to \$7,000,000.00 (“DIP Credit Facility”) to be funded upon approval of the DIP Credit Facility by the Court in accordance with the terms herein.

Availability: The DIP Credit Facility will be made available in two or more draws, subject to conditions set forth herein. Up to \$400,000.00 shall be immediately available under the DIP Credit Facility upon entry of an interim order by the Court approving the DIP Credit Facility, with the balance available upon entry of a final order.

Use of Proceeds and Carve Out: The DIP Credit Facility shall be used to pay post-petition administrative expenses of the Chapter 11 Case, including, but not limited to, payment for maintenance and preservation of the property of the Debtor’s estate, rent, insurance, utility services, operating expenses and court-approved professional fees and as such pre-petition expenses as may be approved by the Bankruptcy Court, provided, however, that not less than \$500,000 shall be “carved out” and set aside for (a) fees and expenses of professionals employed at the expense of the estate (including attorneys, accountants and appraisers); and (b) U.S. Trustee quarterly fees (“Carve Out”) as may be approved by the Bankruptcy Court, and as set forth in the budget approved by the Lender, provided, however that the Carve Out for any Committee professionals shall be limited to \$150,000.

Priority and Collateral: The DIP Credit Facility shall be _____
_____ ^p _____ ³ ; _____
_____ afforded status pursuant to 11 U.S.C. § 364(~~1b~~), provided, however, that Lender’s priority shall be subject to the Carve Out.

Conditions Entry of an interim and final order which contains, among other terms, a finding that Lender is a “good faith” lender pursuant to 11 U.S.C. § 364(e), and a budget acceptable to the Lender.

Interest Rate: Simple interest at the rate of 10% per annum shall accrue. Default

interest shall accrue at the rate of 12% per annum.

Maturity: The DIP Credit Facility shall be due on or before the earlier of: (a) the occurrence of an Event of Default, (b) entry of an order converting the chapter 11 case to a case under chapter 7 of the Bankruptcy Code or dismissing the chapter 11 case, (c) the entry of an order appointing a chapter 11 trustee or examiner, (d) the effective date of a chapter 11 plan; or (e) December 31, 2024.

Loan Documents: Borrower shall execute and deliver, and cause to be executed and delivered to each Lender a Promissory Note, ~~UCC~~ ~~statements~~, and such other documents as are reasonable and customary for similar loans.

Fees and Expenses: Upon closing of the DIP Credit Facility, Borrower will pay Lender's reasonable fees and expenses.

Governing Law: CNMI

Events of Default: Customary defaults including, (a) failure to pay principal, interest, fees and expenses when due; (b) violation of covenants; (c) change of control; (d) granting of relief from automatic stay to any creditor with a claim in excess of \$250,000 relief; (e) or a plan of reorganization in a form reasonably acceptable to Lender regarding the treatment of its DIP loan shall not have been filed by Debtor by July 1, 2024; (f) approved by the Court by February 28, 2025.

Representations and Warranties: Customary representations and warranties including, those mentioned in this Term Sheet and the following: (a) organization, qualification and due authorization of the Borrower; (b) no undisclosed litigation; (c) no breach of laws or regulations; (d) all necessary third party consents have been obtained.

IMPERIAL PACIFIC INTERNATIONAL (CNMI),
LLC

By: _____
Name: Howyo Chi
Its: Manager

LENDER

By: _____
Name: Loi Lam SIT

[AMENDED] LOAN TERM SHEET FOR \$7,000,000.00 DIP CREDIT FACILITY

Borrowers: IMPERIAL PACIFIC INTERNATIONAL (CNMI), LLC, (the “Borrower” or “Debtor”) as debtor-in-possession in Chapter 11 Case in the United States District Court for the District of the Northern Mariana Islands (“Court”), in the Debtor’s Chapter 11 case (“Chapter 11 Case”).

Lender: Loi Lam SIT [REDACTED] (“Lender”).

Loan Amount and Terms: Maximum credit facility of up to \$7,000,000.00 (“DIP Credit Facility”) to be funded upon approval of the DIP Credit Facility by the Court in accordance with the terms herein.

Availability: The DIP Credit Facility will be made available in two or more draws, subject to conditions set forth herein. Up to \$400,000.00 shall be immediately available under the DIP Credit Facility upon entry of an interim order by the Court approving the DIP Credit Facility, with the balance available upon entry of a final order.

Use of Proceeds and Carve Out: The DIP Credit Facility shall be used to pay post-petition administrative expenses of the Chapter 11 Case, including, but not limited to, payment for maintenance and preservation of the property of the Debtor’s estate, rent, insurance, utility services, operating expenses and court-approved professional fees and as such pre-petition expenses as may be approved by the Bankruptcy Court, provided, however, that not less than \$500,000 shall be “carved out” and set aside for (a) fees and expenses of professionals employed at the expense of the estate (including attorneys, accountants and appraisers); and (b) U.S. Trustee quarterly fees (“Carve Out”) as may be approved by the Bankruptcy Court, and as set forth in the budget approved by the Lender, provided, however that the Carve Out for any Committee professionals shall be limited to \$150,000.

Priority and Collateral: The DIP Credit Facility shall be afforded status pursuant to 11 U.S.C. § 364(b), provided, however, that Lender’s priority shall be subject to the Carve Out.

Conditions Entry of an interim and final order which contains, among other terms, a finding that Lender is a “good faith” lender pursuant to 11 U.S.C. § 364(e), and a budget acceptable to the Lender.

Interest Rate: Simple interest at the rate of 10% per annum shall accrue. Default interest shall accrue at the rate of 12% per annum.

- Maturity:** The DIP Credit Facility shall be due on or before the earlier of: (a) the occurrence of an Event of Default, (b) entry of an order converting the chapter 11 case to a case under chapter 7 of the Bankruptcy Code or dismissing the chapter 11 case, (c) the entry of an order appointing a chapter 11 trustee or examiner, (d) the effective date of a chapter 11 plan; or (e) December 31, 2024.
- Loan Documents:** Borrower shall execute and deliver, and cause to be executed and delivered to each Lender a Promissory Note, and such other documents as are reasonable and customary for similar loans.
- Fees and Expenses:** Upon closing of the DIP Credit Facility, Borrower will pay Lender's reasonable fees and expenses.
- Governing Law:** CNMI
- Events of Default:** Customary defaults including, (a) failure to pay principal, interest, fees and expenses when due; (b) violation of covenants; (c) change of control; (d) granting of relief from automatic stay to any creditor with a claim in excess of \$250,000 relief; (e) or a plan of reorganization in a form reasonably acceptable to Lender regarding the treatment of its DIP loan shall not have been filed by Debtor by July 1, 2024; (f) approved by the Court by February 28, 2025.
- Representations and Warranties:** Customary representations and warranties including, those mentioned in this Term Sheet and the following: (a) organization, qualification and due authorization of the Borrower; (b) no undisclosed litigation; (c) no breach of laws or regulations; (d) all necessary third party consents have been obtained.

IMPERIAL PACIFIC INTERNATIONAL (CNMI),
LLC

By: _____
Name: Howyo Chi
Its: Manager

LENDER

By: _____
Name: Loi Lam SIT

EXHIBIT B

DEBTOR IN POSSESSION LOAN AGREEMENT

THIS DEBTOR IN POSSESSION LOAN AGREEMENT, dated May ___, 2024, is made by and between IMPERIAL PACIFIC INTERNATIONAL (CNMI), LLC, whose address is PMB 895 Box 10001, Saipan, MP 96950 (the “Borrower”), and LOI LAM SIT, whose address is _____ (the “Lender”)

RECITALS:

A. On April 19, 2024 (the “Petition Date”), Borrower commenced Chapter 11 Case No. 24-00002 (the “Chapter 11 Case”) by filing a voluntary petition for reorganization under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. § 101 et seq. (the “Bankruptcy Code”) with the United States District Court for Northern Mariana Islands, Bankruptcy Division (the “Bankruptcy Court”). Borrower continues to operate its business and manages its properties as debtor and debtor in possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.

B. Borrower has requested that Lender provide a loan in the aggregate principal amount not to exceed the sum of SEVEN MILLION AND NO/100 DOLLARS (\$7,000,000.00). Borrower intends to utilize such facility to fund its working capital requirements during the pendency of the Chapter 11 Case.

C. Lender is willing to extend such postpetition loan to Borrower in accordance with and on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing premises, Borrower and Lender hereby mutually agree as follows:

AGREEMENT

1. DEFINITIONS

1.1 Defined Terms in this Agreement. For the purpose of this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined herein):

Advance. Any advance of funds made by Lender to Borrower under the Loan.

Agreement. This Debtor in Possession Loan Agreement as the same may, from time to time, be further amended or supplemented.

Bankruptcy Code shall have the meaning assigned to it in the recitals to the Agreement.

Bankruptcy Court shall have the meaning assigned to it in the recitals to the Agreement.

Bankruptcy Rules shall mean the Federal Rules of Bankruptcy Procedure, as the same may from time to time be in effect and applicable to the Chapter 11 Case. Borrower shall have the meaning assigned to it in the recitals to the Agreement.

Budget shall mean The Budget set forth in Exhibit "A" attached hereto.

Budgeted Cash Flow shall mean for any time period, the amount of cumulative operating cash flow as set forth in the Budget for such applicable period.

Business Day shall mean any day other than a Saturday, Sunday or other day on which commercial banks in Honolulu, Hawaii, are authorized or required by law to close

Carve-Out shall have the meaning assigned to it in Section 2.12 of this Agreement.

Chapter 11 Case shall have the meaning assigned to it in the Recitals of the Agreement.

Charges shall mean all federal, state, county, municipal, local, foreign or other governmental taxes, levies, assessments, charges, liens, claims or encumbrances upon or relating to (a) the Obligations, (b) the employees, payroll, income or gross receipts of Borrower, (c) borrower's ownership or use of any properties or other assets, or (d) any other aspect of Borrower's business.

Code The Uniform Commercial Code as the same may, from time to time, be enacted and in affect in the Commonwealth of the Northern Mariana Islands.

Default Any event that, with the passage of time or notice or both, would, unless cured or waived, become an Event of Default.

Environmental Laws All applicable federal, state, local and foreign laws, statutes, ordinances, codes, rules, standards and regulations, now or hereafter in effect, and any applicable judicial or administrative interpretation thereof, including any applicable judicial or administrative order, consent decree, order or judgment, imposing liability or standards of conduct for or relating to the regulation and protection of human health, safety, the environment and natural resources (including ambient air, surface water, groundwater, wetlands, land surface or subsurface strata, wildlife, aquatic species and vegetation). Environmental laws include the Comprehensive Environmental Response, Compensation, and Liability Act of 1940 (42 U.S.C. § 9601 et seq.) the Hazardous Materials Transportation Authorization Act of 1994 (49 U.S.C. § 5101 et seq.) the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. § 136 et seq); the Solid Waste Disposal Act (42 U.S.C. § 6901 et seq.) the Toxic Substance Control Act (15 U.S.C. § 2601 et seq.) the Clean Air Act (42 U.S.C. § 7401 et seq.) the Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.) the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.) and the Safe Drinking Water Act (42 U.S.C. § 300(1) et seq.), and any and all regulations promulgated

thereunder, and all analogous state, local and foreign counterparts or equivalents and any transfer of ownership notification or approval statutes.

Environment Liabilities With respect to any Person, all liabilities, obligations, responsibilities, response, remedial and removal costs, investigation and feasibility study costs, capital costs, operation and maintenance costs, losses, damages, punitive damages, property damages, natural resource damages, consequential damages, treble damages, costs and expenses (including all fees, disbursements and expenses of counsel, experts and consultants), fines, penalties, sanctions and interest incurred as a result of or related to any claim, suit, action, investigation, proceeding or demand by any Person, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law, including any arising under or related to any Environmental Laws, Environmental Permits, or in connection with any release or threatened release or presence of a Hazardous Material whether on, at, in, under, from or about or in the vicinity of any real or personal property.

Environmental Permits All permits, licenses, authorizations, certificates, approvals or registrations required by any Governmental Authority under any Environmental Laws.

Event of Default The meanings assigned to that term in Section 7.1 of this Agreement.

Final Order The final order of the Bankruptcy Court in the Chapter 11 Case after a final hearing pursuant to Section 364 of the Bankruptcy Code and Bankruptcy Rule 4001, and from which no appeal has been timely filed, or if timely filed, no stay pending appeal shall have been granted, together with all extensions, modifications and amendments thereto (which extensions, modifications and amendments shall be acceptable to Lender and Borrower), authorizing Borrower to obtain credit, and incur indebtedness under the Agreement and the other Loan Documents.

Governmental Authority Any governmental office, officer or official whose consent, approval or permit is required as a prerequisite to the performance or observance of any agreement, provision or condition contained in this Agreement.

Hazardous Material Any substance, material or waste which is regulated by or forms the basis of liability now or hereafter under, any Environmental Laws, including any material or substance that is (i) defined as a “solid waste,” “hazardous waste,” “hazardous material,” “hazardous substance,” “extremely hazardous waste,” “restricted hazardous waste,” “pollutant,” “contaminant,” “hazardous constituent,” “special waste,” “toxic substance” or other similar term or phrase under any Environmental Laws, (ii) petroleum or any fraction or byproduct thereof asbestos, polychlorinated biphenyls (PCB’ s), or any radioactive substance.

Interim Order The interim order of the Bankruptcy Court, authorizing, on an interim basis, Borrower to execute and perform under the terms of the Agreement and the other Loan Documents.

Lender shall have the meaning assigned to it in the recitals to the Agreement.

Loan An amount not to exceed the sum of SEVEN MILLION AND NO/100 U.S. DOLLARS (U.S.\$7,000,000.00).

Loan Documents This Agreement, the Note, the Interim Order and the Final Order, and all other agreements, instruments, documents and certificates executed and delivered to, or in favor of, Lender and including all other pledges, powers of attorney, consents, assignments, contracts, notices, and all other written matter whether heretofore, now or hereafter executed by or on behalf of Borrower, or any president, vice president, chief financial officer, or, with respect to corporate certificates, corporate secretary of Borrower, and delivered to Lender in connection with the Agreement or the transactions contemplated thereby. Any reference in the Agreement or any other Loan Document to a Loan Document shall include all appendices, exhibits or schedules thereto, and all amendments, restatements, supplements or other modifications thereto, and shall refer to such Agreement or Loan Documents, as applicable, as the same may be in effect at any and all times such reference becomes operative.

Note shall mean the Promissory Note made, executed and delivered by Borrower to Lender.

Obligations All loans, advances, debts, liabilities and obligations, for the performance of covenants, tasks or duties or for payment of monetary amounts (whether or not such performance is then required or contingent, or such amounts are liquidated or determinable) owing by Borrower to Lender under this Agreement, and all covenants and duties regarding such amounts, of any kind or nature, present or future, whether or not evidenced by any note, agreement or other instrument, arising under the Agreement or any of the other Loan Documents. This term includes all principal, interest, fees, charges, expenses, attorneys' fees and any other sum chargeable to Borrower under the Agreement or any of the other Loan Documents.

Person Any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, limited liability company, institution, public benefit corporation, other entity or government (whether federal, state, county, city, municipal, local, foreign, or otherwise, including any instrumentality, division, agency, body or department thereof).

Petition Date shall have the meaning assigned to it in the recitals to the Agreement.

Proceeds shall mean "proceeds," as such term is defined in the Code.

Termination Date shall mean the earliest of: (a) the occurrence of an Event of Default, (b) entry of an order converting the chapter 11 case to a case under chapter 7 of the Bankruptcy Code or dismissing the chapter 11 case, (c) the entry of an order appointing a chapter 11 trustee or examiner, (d) the effective date of a chapter 11 plan; or (e) December 31, 2024.

2. LOAN

2.1 Loan Amount. So long as Borrower is not in default under this Agreement, Lender hereby agrees to make Advances to Borrower in an aggregate principal amount not to exceed SEVEN MILLION AND NO/100 U.S. DOLLARS (U.S.\$7,000,000.00).

2.2 Disbursements. Upon the execution of this Agreement and entry of the Interim Order, Lender shall advance an amount up to \$400,000.00 and shall advance additional amounts up to \$7,000,000.00 upon entry of the Final Order.

2.3 Use of Funds. Borrower will apply all proceeds of the Loan for general working capital purposes in the normal course of business operations, including, without limitation, all items in approved budgets, and payment of accounts payable arising after the Petition Date, as set forth in any approved budget.

2.4 Borrowing. Subject to paragraph 2.2 above, Borrower may from time to time borrow, repay outstanding Advances, and reborrow all or a portion of the Loan.

2.5 Note. To evidence Borrower's promise to repay to Lender the Loan, together with interest at the rate, time and place, and in the manner described herein, Borrower shall execute and deliver to Lender the Note.

2.6 Interest Rate. Interest on the aggregate principal amount outstanding under the Loan shall accrue at a fixed rate of ten percent (10%) per annum. Interest shall be computed on the basis of the actual number of days elapsed between payments and on the basis of a 360-day year. From and after the occurrence of any Event of Default, the interest rate shall increase by twelve percent (12%) over the interest rate otherwise payable by Borrower hereunder.

2.9 Repayment. Interest only on the actual balance outstanding on the Loan shall be due on the first Business Day of each month. Unless Borrower and Lender agree in writing to extend the term of the Loan, all unpaid principal amounts, together with all unpaid interest, shall be due and payable on the Termination Date, with the exception of any termination pursuant to Section 7.4 below. All payments of principal and interest shall be remitted to Lender in immediately available funds by 10:00 a.m. on their respective due dates.

2.10 Late Charges. If any payment under this Agreement is not made within five (5) calendar days of its due date, Borrower shall pay Lender a late charge in the amount of three percent (3%) of the overdue payment.

2.11 Security. Not Applicable.

2.12 Priority of Obligations. The Obligations shall have administrative priority under 11 U.S.C. § 364(b), provided, however, that not less than \$500,000 shall be "carved out" and set aside for (a) fees and expenses of professionals employed at the expense of the estate (including attorneys, accountants and appraisers) pursuant to Section 330 of the Bankruptcy Code; and (b) U.S. Trustee quarterly fees ("Carve Out") as may be approved by the Bankruptcy Court, and as set forth in the budget approved by the Lender, provided, however that the Carve Out for any Committee professionals shall be limited to \$150,000.

3. REPRESENTATIONS AND WARRANTIES

Borrower makes the following representations and warranties to Lender, which representations and warranties shall survive the execution of this Agreement and continue so long as Borrower are indebted to Lender under the Loan:

3.1 Legal Status. Borrower is a limited liability company duly organized, and validly existing under the laws of the Commonwealth of the Northern Mariana Islands.

3.2 Powers. The execution and delivery by Borrower of this Agreement and the other Loan Documents, and the doing and performance of all acts herein and therein provided to be done and performed by Borrower are, subject to the Bankruptcy Court's approval, within the powers of Borrower.

3.3 Corporate Power, Authorization, Enforceable Obligations. The execution, delivery and performance by Borrower of the Loan Documents: (a) are within Borrower's power; (b) have been duly authorized by all necessary or proper action; (c) have been duly authorized by the Bankruptcy Court; (d) do not contravene any provision of Borrower's charters or bylaws; (e) do not violate any law or regulation, or any order or decree of any court or Governmental Authority; and (f) except as otherwise provided by the Interim Order or the Final Order, as the case may be, do not require the consent or approval of any Governmental Authority or any other Person, except for the Bankruptcy Court, all of which will have been duly obtained, made or complied with prior to the execution of this Agreement. Each of the Loan Documents has been duly executed and delivered by each Borrower that is a party thereto and, subject to the entry of the Interim Order and the Final Order, as applicable, each such Loan Document constitutes a legal, valid and binding obligation of Borrower enforceable against them in accordance with its terms.

3.4 Validity. This Agreement and the Loan Documents executed by Borrower are valid and binding agreements of Borrower, and the Note is a valid and binding obligation of Borrower, enforceable in accordance with their respective terms.

3.5 Approvals. No license, authorization, consent or approval of any other person, corporation or Governmental Authority is required for Borrower to perform as agreed under the Loan Documents or any other agreement herein mentioned to which Borrower is a party, or if any such license, authorization, consent or approval is required, the same has been obtained.

3.6 Litigation. With the exception of the Chapter 11 Case and those matters disclosed in writing by Borrower to Lender prior to the date of this Agreement, there are no pending or threatened actions or proceedings before any court or administrative agency which may adversely affect the financial condition or operation of Borrower or which purport to affect the legality, validity or enforceability of any Loan Documents, or which may adversely affect Borrower's ability to observe and perform its obligations under the Loan Documents.

3.7 No Broker. Borrower has not employed or engaged any broker, finder or agent who may claim a commission or fee or other compensation with respect to the Loan.

4. GENERAL AFFIRMATIVE COVENANTS

Borrower agrees that from and after the date of this Agreement and until the Termination Date Borrower shall:

4.1 Maintenance of Existence. Borrower shall do or cause to be done all things necessary to preserve and keep in full force and effect its existence.

4.2 Payment of Obligations.

(a) Except as nonpayment is permitted or payment is prohibited by the Bankruptcy Code or the Bankruptcy Court, Borrower shall pay and discharge or cause to be paid and discharged promptly all Charges payable by it, including (i) Charges imposed upon them, its income and profits, or any of its property (real, personal or mixed) and all Charges with respect to tax, social security and unemployment withholding with respect to its employees, and (ii) lawful claims for labor, materials, supplies and services or otherwise, before any thereof shall become past due; provided, however, that Borrower shall not be required to pay any applicable real property taxes which are not yet due and payable.

4.3 Accounting Records. Keep and maintain accurate and proper books of record and account. Lender shall have the right on reasonable notice during normal business hours to examine the Borrower's books of account and to discuss the affairs, finances and accounts of Borrower, and to be informed as to the same by its officers, employees or agents.

4.4 Notice to Lender. Promptly and in no event later than three business days after learning of such event, give notice in writing to Lender of (1) the occurrence of any Event of Default; (2) any change in name of the Borrower; or (3) any uninsured or partially uninsured loss through fire, theft, liability or property damage in excess of any aggregate amount of \$100,000.00.

4.5 Reserved.

5. NEGATIVE COVENANTS

Borrower further covenants that without prior written consent of Lender from and after the date hereof until the Termination Date, Borrower shall not:

5.1 Use of Funds. Use any of the proceeds of the Loan for purposes other than the purpose stated in Section 2.3 of this Agreement.

5.2 New Indebtedness. Borrower shall not create new Indebtedness (except short term borrowings from Lender and borrowings under this Agreement) or enter into any leases for capital items, or real property; or guarantee or become liable in any way as surety, endorser (other than as endorser of negotiable instruments or as principal under any bid bond, labor and material payment bond, or performance bond required to be furnished in the ordinary course of business) or

accommodation endorser or otherwise incur the debt or obligation of any other person or entity without the Lender's prior written consent, except that Borrower may purchase goods and services from suppliers in the ordinary course of its business, and incur liability therefor.

6. CONDITIONS PRECEDENT

The obligation of Lender to make advances under the Loan is subject to all of the following conditions:

6.1 Reserved.

6.2 Compliance. The representations, warranties and covenants contained herein shall be true on and as of the effective date of this Agreement, and on the date of each funding of an Advance under the Loan, with the same effect as though such representations, warranties and covenants had been made on and as of such date, and on such date no Event of Default as defined in this Agreement or in any other Loan Document, and no condition, event or act which, with the giving of notice or the lapse of time or both would constitute an Event of Default, shall have occurred and be continuing or shall exist.

7. EVENTS OF DEFAULT

7.1 Events of Default. Notwithstanding the provisions of Section 362 of the Bankruptcy Code and without application or motion of the Bankruptcy Court, the occurrence of any one or more of the following events (regardless of the reason therefore) shall constitute an "Event of Default" hereunder:

(a) Borrower (i) shall fail to make any payment of principal of, or interest on, or fees owing in respect of, the Loan, or the Obligations when due and payable, or (ii) shall fail to pay or reimburse Lender for any expense reimbursable hereunder or under any other Loan Document within 10 Business Days following Lender's demand for such reimbursement or payment of expenses.

(b) Borrower shall fail or neglect to perform, keep or observe any other provision of this Agreement or of any of the other Loan Documents (other than any provision embodied in or covered by any other clause of this Section 7.1) and the same shall remain unremedied for 30 days or more.

(c) change of control of Borrower.

(d) granting of relief from automatic stay to any creditor with a claim in excess of \$250,000 relief.

(e) plan of reorganization in a form reasonably acceptable to Lender regarding the treatment of its DIP loan shall not have been filed by Debtor by July 1, 2024.

(f) such plan of reorganization is not approved by the Court by February 28, 2025

7.2 Remedies. If any Event of Default shall have occurred and be continuing, Lender may: (a) stay Lender's performance under this Agreement, whereupon Lender shall have no further duty to make Advances under this Agreement; (b) declare all principal of and accrued interest on, the Loan and all other Obligations to be immediately due and payable and (c) exercise any and all other rights and remedies under the Loan Documents, the Interim Order, the Final Order and applicable law or at equity.

8. MISCELLANEOUS

8.1 Waiver. The making of any Advance, the delay or failure of Lender, or any holder of the Note, in exercising any right, power or privilege hereunder or any single or partial exercise of any such right, power or privilege or any abandonment or discontinuance of steps to enforce such a right, power or privilege shall not affect such right, power or privilege. The rights and remedies of Lender hereunder are cumulative and not exclusive. Any waiver, permit, consent or approval of any kind by Lender, or any holder of the Note, of any breach or Event of Default hereunder, or any waiver of any provisions or conditions of this Agreement must be in writing and shall be effective only to the extent set forth in writing.

8.2 Notices. All notices, demands or documents which are required or permitted to be given or served hereunder shall be in writing and sent by first class, registered, or certified mail, postage prepaid, or by hand delivery, addressed as follows:

To Lender: LOI LAM SIT

To Borrower: Imperial Pacific International (CNMI), LLC
PMB 895 Box 10001
Saipan, MP 96950

Copy to: Choi & Ito
700 Bishop Street, Suite 1107
Honolulu, Hawaii 96813
Attn: Chuck C. Choi, Esq.
Phone: (808) 533-1877

These addresses may be changed from time to time by serving notice to all other parties as provided above. Service of such notice or demand shall be deemed complete on the day of actual delivery or at the expiration of the second day after the date of mailing, whichever is earlier.

8.3 Fees and Expenses. Borrower will reimburse Lender on demand for all costs and expenses incurred in connection this Agreement, including without limitation the costs and fees of advisors, consultants and attorneys to Lender, and all fees expended or incurred by Lender in preparing the Loan Documents, in administering and enforcing the same, in the analysis,

evaluation, negotiation, documentation and administration of any loan “work out” proposal (whether or not effectuated), in the investigation and policing of any Event of Default, in actions in any way related to this Agreement, in collecting any sum which becomes due Lender on the Note, the Loan, or the Loan Documents, and on any and every account.

8.4 Northern Mariana Islands Law Applicable. This Agreement, the Note and the other Loan Documents shall be governed by and construed in accordance with the laws of the Commonwealth of Northern Mariana Islands.

8.5 Entire Agreement. This Agreement, the Note and the other Loan Documents contain the entire agreement between Lender and Borrower with regard to the Loan. The provisions of this Agreement may not be modified or amended without the written consent of Lender.

8.6 No Assignment. Borrower may not assign its rights under this Agreement, nor permit its rights or any part of any loan made hereunder to be assigned or encumbered, without the prior written consent of Lender.

8.7 Inurement. The provisions of this Agreement shall be binding upon and inure to the benefit of Borrower and Lender, and their respective successors and permitted assigns as the context of this Agreement may require. Throughout this Agreement, unless clearly repugnant to the context, the singular shall include the plural and the use of a pronoun of one gender shall refer to all genders.

8.8 Time of the Essence. Time is of the essence in Borrower’s observance and performance of its obligations in this Agreement, the Note and the other Loan Documents.

8.9 Parties Including Trustee; Bankruptcy Court Proceedings. This Agreement, the other Loan Documents shall be binding upon Borrower, the estate of Borrower, and any trustee or successor in interest of Borrower in the Chapter 11 Case or any subsequent case commenced under Chapter 7 of the Bankruptcy Code, and shall not be subject to Section 365 of the Bankruptcy Code. This Agreement and the other Loan Documents shall be binding upon, and inure to the benefit of, the successors of Lender and each of its assigns, transferees and endorsees.

8.10 Paragraph Headings. The headings of paragraphs and subparagraphs herein are inserted only for convenience and reference and shall in no way define, limit or describe the scope or intent of any provision of this Agreement.

8.11 Severability. If any provision of this Agreement, the Note or the other Loan Documents is held to be invalid or unenforceable, the validity and enforceability of the other provisions of this Agreement, the Note and the other Loan Documents will remain unaffected.

8.12 Indemnification. Borrower shall indemnify and hold Lender harmless from any and all liability arising from the extension of the Loan to Borrower, or the relationship created between Borrower and Lender, including all awards, judgments, orders, costs, expenses and attorneys’ fees

reasonably incurred by Lender, provided that Borrower shall not be liable to Lender for any portion of such liability resulting from Lender's gross negligence or willful misconduct.

8.13 Joint and Several Obligations. The covenants, conditions and agreements of Borrower herein contained shall be the joint and several obligation of each of the entities constituting Borrower, and shall be binding upon each of them and their respective successors and assigns.

8.14 Counterparts. This Agreement may be executed in counterparts.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective the day and year set forth above.

IMPERIAL PACIFIC INTERNATIONAL (CNMI),
LLC,

By: _____
Name: _____
Its: _____

Borrower

By: _____
LOI LAM SIT

Lender