

PAVILLON HOLDINGS LTD

Half-Year Results Financial Statement And Dividend Announcement

PART I - INFORMATION REQUIRED FOR HALF-YEAR AND FULL YEAR RESULTS ANNOUNCEMENTS

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

Financial statements for the 6 months ended 30 June 2024

| | Note | Group | | |
|--|----------|----------------------|----------------------|----------------------|
| | | Jan 2024 - June 2024 | Jan 2023 - June 2023 | Increase/ (Decrease) |
| | | S\$'000 | S\$'000 | % |
| Revenue | 4 | 8,967 | 9,625 | -6.8% |
| Other items of income | | | | |
| Interest income | 4 | 680 | 962 | -29.3% |
| Other income | 4 | 505 | 195 | 159.0% |
| Items of expenses | | | | |
| Raw materials and changes in inventories | | (2,310) | (2,982) | -22.5% |
| Employee compensation | | (2,728) | (2,819) | -3.2% |
| Depreciation expense | | (603) | (688) | -12.4% |
| Finance expenses | | (460) | (72) | 538.9% |
| Currency exchange Gain/(Loss) - net | | 209 | (1,299) | -116.1% |
| Other operating expenses | | (1,389) | (1,248) | 11.3% |
| Total expenses | | (7,281) | (9,108) | -20.1% |
| Share of loss of associated companies | | (528) | (1,288) | -59.0% |
| Profit / (loss) before income tax | 6 | 2,343 | 386 | 507.0% |
| Income tax expenses | 7 | (311) | (89) | 249.4% |
| Net Profit/(Loss) | | 2,032 | 297 | 584.2% |
| Other comprehensive income | | | | |
| <i>Items that may be reclassified subsequently to profit or loss in subsequent periods (net of tax):</i> | | | | |
| Currency translation differences on consolidation of foreign entities (net) | | 240 | (471) | -151.0% |
| <i>Items that will not be reclassified subsequently to profit or loss in subsequent periods (net of tax) :</i> | | | | |
| Currency translation differences on consolidation of foreign entities (net) | | 10 | 40 | -74.9% |
| Total comprehensive loss for the period | | 2,282 | (134) | -1803.0% |
| Net Profit/ (Loss) attributable to: | | | | |
| Equity holders of the Company | | 2,335 | 300 | 678.2% |
| Non-controlling interests | | (303) | (3) | 9984.0% |
| | | 2,032 | 297 | 584.2% |
| Total comprehensive loss | | | | |
| Attributable to : | | | | |
| Equity holders of the Company | | 2,575 | (171) | -1605.8% |
| Non-controlling interests | | (293) | 37 | -893.2% |
| | | 2,282 | (134) | -1802.6% |
| Earnings per share attributable to owners of the Company | | Cts | Cts | |
| Basic | | 0.163 | 0.021 | |
| Diluted | | 0.163 | 0.021 | |

B. Condensed interim statements of financial position

| | | Group | |
|---|------|--------------|------------------|
| | | 30 June 2024 | 31 December 2023 |
| | | S\$'000 | S\$'000 |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | | 8,161 | 5,748 |
| Trade and other receivables | | 835 | 281 |
| Inventories | | 2,220 | 2,421 |
| | | 11,216 | 8,450 |
| Non-current assets | | | |
| Trade and other receivables - NC | | 868 | 40,048 |
| Financial asset, at FVOCI | 5,10 | 5,332 | 5,332 |
| Investments in associated companies | | - | 5,276 |
| Investment Property | 12 | 101,708 | - |
| Property, plant and equipment | 11 | 2,686 | 3,056 |
| | | 110,594 | 53,712 |
| Total assets | | 121,810 | 62,162 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | | 5,870 | 3,363 |
| Contract Liabilities | | 2 | 1 |
| Current income tax liabilities | | 590 | 416 |
| Borrowings | 13 | 30,034 | 1,495 |
| | | 36,496 | 5,275 |
| Non-current liabilities | | | |
| Trade and other payables - NC | | 60 | 60 |
| Borrowings - NC | 13 | 23,103 | 1,712 |
| Provisions - NC | | 339 | 339 |
| Deferred tax liabilities - NC | | 48 | 48 |
| | | 23,550 | 2,159 |
| Total liabilities | | 60,046 | 7,434 |
| NET ASSETS | | 61,764 | 54,728 |
| EQUITY | | | |
| Capital and reserve attributable to equity holders of the Company | | | |
| Share capital | 14 | 82,097 | 82,097 |
| Other reserves | | 4,627 | 4,496 |
| Accumulated losses | | (34,895) | (37,214) |
| | | 51,828 | 49,379 |
| Non-controlling interests | | 9,936 | 5,349 |
| TOTAL EQUITY | | 61,764 | 54,728 |

B. Condensed interim statements of financial position (Continued)

| | | Company | |
|--------------------------------|----|-------------------------|-----------------------------|
| | | 30 June 2024 S\$'000 | 31 December 2023 S\$'000 |
| ASSETS | | | |
| Current assets | | | |
| | | 177 | 96 |
| | | 6,990 | 3,114 |
| | | 7,167 | 3,210 |
| Non-current assets | | | |
| | | 40,711 | 43,615 |
| | | 9,843 | 9,843 |
| | 11 | - | - |
| | | 50,554 | 53,458 |
| Total assets | | 57,721 | 56,668 |
| LIABILITIES | | | |
| Current liabilities | | | |
| | | 5,983 | 6,097 |
| | 13 | 319 | 314 |
| | | 6,302 | 6,411 |
| Non-current liabilities | | | |
| | | 60 | 60 |
| | 13 | - | 161 |
| | | 60 | 221 |
| Total liabilities | | 6,362 | 6,632 |
| NET ASSETS | | 51,359 | 50,036 |
| EQUITY | | | |
| | | | |
| | | 82,097 | 82,097 |
| | 14 | (30,739) | (32,061) |
| TOTAL EQUITY | | 51,359 | 50,036 |

C. Condensed interim statements of changes in equity

| The Group 2024 | Attributable to owners of the Company | | | | | | | | |
|--|---------------------------------------|--|----------------------------|-------------------------------|--------------------------|----------------------------------|------------------|---|-------------------------|
| | Share capital S\$'000 | Foreign currency translation reserve S\$'000 | Capital reserve S\$'000 | Fair value Reserve S\$'000 | Other Reserve S\$'000 | Accumulated losses S\$'000 | Total S\$'000 | Non-controlling interests S\$'000 | Total equity S\$'000 |
| Balance as at 1 January 2024 | 82,097 | (99) | 3,478 | 1,117 | - | (37,214) | 49,379 | 5,349 | 54,728 |
| Profit/(loss) for the period | - | - | - | - | - | 2,335 | 2,335 | (303) | 2,032 |
| <u>Other comprehensive loss</u> | - | - | - | - | - | - | - | - | - |
| Foreign currency translation | - | 240 | - | - | - | - | 240 | 10 | 250 |
| Total other comprehensive (loss)/income for the period, net of tax | - | 240 | - | - | - | 2,335 | 2,575 | (293) | 2,282 |
| Effect of change of control in entities in China | - | - | - | - | (111) | (17) | (127) | 4,880 | 4,753 |
| Total contributions by and distributions to owners | - | - | - | - | (111) | (17) | (127) | 4,880 | 4,753 |
| Balance as at 30 June 2024 | 82,097 | 141 | 3,478 | 1,117 | (111) | (34,896) | 51,828 | 9,936 | 61,764 |
| 2023 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Balance as at 1 January 2023 | 82,097 | 88 | 3,478 | 328 | - | (31,866) | 54,125 | 4,572 | 58,697 |
| Profit/(loss) for the period | - | - | - | - | - | 300 | 300 | (3) | 297 |
| <u>Other comprehensive loss</u> | - | - | - | - | - | - | - | - | - |
| Foreign currency translation | - | (471) | - | - | - | - | (471) | 40 | (431) |
| Total other comprehensive (loss)/income for the period, net of tax | - | (471) | - | - | - | 300 | (171) | 37 | (134) |
| Effect of changes in shareholdings in a subsidiary corporation without change of control | - | - | - | - | - | (687) | (687) | 687 | - |
| Total contributions by and distributions to owners | - | - | - | - | - | (687) | (687) | 687 | - |
| Balance as at 30 June 2023 | 82,097 | (383) | 3,478 | 328 | - | (32,253) | 53,267 | 5,296 | 58,563 |

D. Condensed interim consolidated statement of cash flows

| | Group | |
|--|---------------------------|---------------------------|
| | Jan - Jun 2024 S\$'000 | Jan - Jun 2023 S\$'000 |
| Cash flows from operating activities : | | |
| Net profit/(loss) | 2,032 | 297 |
| Adjustments for : | | |
| Depreciation of property, plant and equipment | 603 | 688 |
| Gain on disposal of property, plant and equipment | (199) | - |
| Income tax expense | 311 | 89 |
| Interest expense | 460 | 72 |
| Interest income | (680) | (962) |
| Share of loss of associated company | 528 | 1,288 |
| Property, plant and equipment written off | - | 1 |
| Unrealised currency translation difference | 41 | 1,352 |
| Operating cash flows before working capital changes | 3,096 | 2,825 |
| Cash flows from operating activities | | |
| Inventories | 202 | (709) |
| Trade and other receivables | (622) | 82 |
| Trade and other payables | 861 | (745) |
| Contract liabilities | 1 | (7) |
| Cash flows generated from operations | 3,538 | 1,446 |
| Income taxes paid | (137) | (28) |
| Net cash flows provided by operating activities | 3,401 | 1,418 |
| Cash flows from investing activities | | |
| Additions to property, plant and equipment | (137) | (34) |
| Capital injection to an associated company | - | (766) |
| Proceeds from disposal of property, plant and equipment | 199 | 40 |
| Effect of change of control in entities in China | 803 | - |
| Loan repayment by associated company | - | 1,536 |
| Interest received | 58 | 12 |
| Net cash provided by investing activities | 923 | 788 |
| Cash flows from financing activities | | |
| Principal payment of lease liabilities | (483) | (536) |
| Principal payment of borrowing | (998) | (628) |
| Interest Paid | (430) | (72) |
| Net cash used in financing activities | (1,911) | (1,235) |
| Net increase/(decrease) in cash and cash equivalents | 2,413 | 971 |
| Beginning of the reporting period | 5,748 | 3,566 |
| Effect of currency translation on cash and cash equivalents | - | (39) |
| Cash and cash equivalents at end of reporting period | 8,161 | 4,498 |
| Reconciliation of Cash and cash equivalents | | |
| Cash and cash equivalents at end of reporting period | 8,161 | 4,498 |
| Cash and cash equivalents per consolidated statement of cashflow | 8,161 | 4,498 |

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Pavillon Holdings Ltd. (the "Company") is a limited liability company incorporated and domiciled in the Republic of Singapore and is listed on the Singapore Exchange. The registered office and principal place of business of the Company is located at Block 1002 Tai Seng Avenue #01-2536, Singapore 534409.

The principal activities of the Company are those of investment holding, franchising and provision of management services to its subsidiary corporations. There have been no significant changes in the nature of these activities during the financial year.

The principal activities of the subsidiary corporations are :

- (a) Operation of restaurants
- (b) Financial leasing of all kind of machineries, tools and equipment
- (c) Business development trading, import and export of machineries and investment holdings
- (d) Property management
- (e) Asset Management, enterprise management, mergers and acquisitions and financial advisory services
- (f) Warehouse and logistics management

Related companies in these financial statements refer to the companies within Pavillon Holdings Ltd.'s group of companies.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

2.1. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2. Use of judgements and estimates

In preparing the interim financial statements, the management of the Group (the "Management") has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The significant judgements made by the Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2023.

There were no significant changes in critical judgements, estimates and assumptions as compared to the consolidated financial statements as at and for the year ended 31 December 2023, except for:

Assessment of control over Fengchi IOT and Daju

Judgement is required to determine when the Group has control over an investee, particularly when facts and circumstances indicate a change in one or more of the three elements of control. During the current financial period, there was a change in the composition of the Group's board of directors. Consequently, management reviewed its exposure to variable returns from Fengchi IOT and Daju, and its ability to affect those returns through the management's control over the relevant activities of Fengchi IOT and Daju. Management has assessed that the Group obtained control over Fengchi IOT and Daju due to its voting power (both through its equity holding and its representation on the Board).

3. Seasonal operations

The Group's operations are subjected to seasonal fluctuations that can impact revenue and profitability. During the first half of the year, the Group experiences slower market activity, particularly influenced by a reduction in Chinese tourists. This decrease in tourism leads to lower demand in sectors reliant on tourist spending, thereby affecting overall revenue.

To manage these seasonal variations, the Group strategically plans its operations, adjusts inventory levels, and aligns workforce efforts to meet the changing demand throughout the year. This proactive approach helps mitigate the impact of seasonal fluctuations and ensures the Group can capitalize on peak periods while maintaining steady growth.

4. Segment and revenue information

The Group is organised into the following main business segments:

4.1. Reportable segments

| | Food & beverages | Properties | Other | Elimination | Total |
|--|------------------|------------|---------|-------------|---------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| 1 Jan 2024 to 30 Jun 2024 | | | | | |
| Revenue from external parties | 8,571 | 393 | 3 | - | 8,967 |
| Inter-segment revenue | - | 136 | 853 | (989) | - |
| Revenue | 8,571 | 529 | 856 | (989) | 8,967 |
| Interest Income | 54 | 1 | 625 | - | 680 |
| Miscellaneous Income | 476 | - | 29 | - | 505 |
| Total other income | 530 | 1 | 654 | - | 1,185 |
| Total revenue and other income | 9,101 | 394 | 657 | - | 10,151 |
| Depreciation of property, plant and equipment | (596) | (6) | (1) | - | (603) |
| Finance expenses | (57) | (397) | (6) | - | (460) |
| Segment profit /(loss) | 3,049 | (250) | 72 | - | 2,871 |
| Share of loss of associated company | - | (504) | (24) | - | (528) |
| Profit before taxation | | | | | 2,343 |
| Taxation | | | | | (311) |
| Net Profit | | | | | 2,032 |
| Segment assets | 11,739 | 103,428 | 6,643 | - | 121,810 |
| Total assets per statement of financial position | | | | | 121,810 |
| Expenditures for segment non-current assets | | | | | |
| - Additions to PPE | 106 | 31 | - | - | 137 |
| Segment liabilities | 3,493 | 53,448 | 2,468 | - | 59,409 |
| Current income tax liabilities | 590 | - | - | - | 590 |
| Deferred income tax liabilities | 48 | - | - | - | 48 |
| Total liabilities per statement of financial position | | | | | 60,046 |

4.1. Reportable segments (cont'd)

| | Food & beverages | Properties | Other | Elimination | Total |
|--|------------------|------------|---------|-------------|---------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| 1 Jan 2023 to 30 Jun 2023 | | | | | |
| Revenue from external parties | 9,625 | - | - | - | 9,625 |
| Inter-segment revenue | - | - | 961 | (961) | - |
| Revenue | 9,625 | - | 961 | (961) | 9,625 |
| Interest Income | 8 | 11 | 943 | - | 962 |
| Miscellaneous Income | 162 | - | 33 | - | 195 |
| Total other income | 170 | 11 | 976 | - | 1,157 |
| Total revenue and other income | 9,795 | 11 | 976 | - | 10,782 |
| Depreciation of property, plant and equipment | (687) | - | (1) | - | (688) |
| Finance expenses | (60) | - | (12) | - | (72) |
| Segment profit | 2,686 | (40) | 217 | (1,189) | 1,674 |
| Share of loss of associated company | - | (707) | (581) | - | (1,288) |
| Profit before taxation | | | | | 386 |
| Taxation | | | | | (89) |
| Net Profit | | | | | 297 |
| Segment assets | 10,620 | 20 | 46,246 | - | 56,886 |
| Investment in associated companies | - | 5,252 | 24 | - | 5,276 |
| Total assets per statement of financial position | | | | | 62,162 |
| Expenditures for segment non-current assets | | | | | |
| - Additions to PPE | 2,472 | - | - | - | 2,472 |
| Segment liabilities | 4,048 | 2 | 2,920 | - | 6,970 |
| Current income tax liabilities | 416 | - | - | - | 416 |
| Deferred income tax liabilities | 48 | - | - | - | 48 |
| Total liabilities per statement of financial position | | | | | 7,434 |

4.2. Disaggregation of Revenue

The Group derives revenue from the transfer of goods and services at a point in time and over time in the following major revenue stream and geographical regions. Revenue is attributed to countries by location of customers.

| The Group 6 months ended 30 June 2024 | | | | |
|--|------------------|------------|------------|--------------|
| | Food & beverages | Properties | Other | Total |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Types of goods or service: | | | | |
| Sale of goods and royalty fees | 8,571 | - | - | 8,571 |
| Rendering of services | - | - | 3 | 3 |
| Rental income | - | 56 | - | 56 |
| Services charges on rental | - | 28 | - | 28 |
| Warehouse facilities | - | 309 | - | 309 |
| Total revenue | 8,571 | 393 | 3 | 8,967 |
| Timing of revenue recognition: | | | | |
| At a point in time | 8,547 | - | - | 8,547 |
| Over time | 24 | 393 | 3 | 420 |
| Total revenue | 8,571 | 393 | 3 | 8,967 |
| Geographical information: | | | | |
| Singapore | 8,547 | - | - | 8,547 |
| Vietnam | 24 | - | - | 24 |
| PRC | - | 393 | 856 | 1,249 |
| Total revenue: | 8,571 | 393 | 856 | 9,820 |

| The Group 6 months ended 30 June 2023 | | | | |
|--|------------------|------------|----------|--------------|
| | Food & beverages | Properties | Other | Total |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Types of goods or service: | | | | |
| Sale of goods and royalty fees | 9,625 | - | - | 9,625 |
| Total revenue | 9,625 | - | - | 9,625 |
| Timing of revenue recognition: | | | | |
| At a point in time | 9,571 | - | - | 9,571 |
| Over time | 54 | - | - | 54 |
| Total revenue | 9,625 | - | - | 9,625 |
| Geographical information: | | | | |
| Singapore | 9,571 | - | - | 9,571 |
| Vietnam | 28 | - | - | 28 |
| PRC | 26 | - | - | 26 |
| Total revenue: | 9,625 | - | - | 9,625 |

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2024 and 31 December 2023

| | Note | Group | | Company | |
|---|------|---------------|---------------|---------------|---------------|
| | | 30-Jun-24 | 31-Dec-23 | 30-Jun-24 | 31-Dec-23 |
| | | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Financial Assets | | | | | |
| Financial assets at fair value through other comprehensive income (FVOCI) | 10 | 5,332 | 5,332 | - | - |
| Cash and bank balances and trade and other receivables (Amortised cost) | | 9,608 | 46,033 | 47,858 | 46,801 |
| | | <u>14,940</u> | <u>51,365</u> | <u>47,858</u> | <u>46,801</u> |
| Financial Liabilities | | | | | |
| Trade and other payables and borrowings (Amortised cost) | | 59,067 | 6,630 | 6,362 | 6,632 |

6. Profit / (Loss) before taxation

6.1. Significant items

| | Group | |
|---|----------------|----------------|
| | 6 months ended | 6 months ended |
| | 30 June 2024 | 30 June 2023 |
| | S\$'000 | S\$'000 |
| Income | | |
| Interest income | 680 | 962 |
| Expenses | | |
| Interest on borrowings | 413 | 28 |
| Depreciation of property, plant and equipment | 603 | 688 |
| Foreign exchange loss, net | (209) | 1,299 |
| Other income | | |
| Government Grant | 256 | 147 |
| Gain on disposal of property, plant and equipment | 199 | - |
| Others | 50 | 48 |
| | <u>505</u> | <u>195</u> |

6.2. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties :

Transaction with related parties

| | Group | |
|--|----------------|----------------|
| | 6 months ended | 6 months ended |
| | 30 Jun 2024 | 30 Jun 2023 |
| | S\$'000 | S\$'000 |
| Associated company | | |
| Interest income | 622 | 950 |
| Repayment of loan by associated company | - | 1,536 |
| Capital injection to Daju Logistics (Tianjin) Co., Ltd | - | 766 |

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

| | Group | |
|--|----------------|----------------|
| | 6 months ended | 6 months ended |
| | 30 Jun 2024 | 30 Jun 2023 |
| | S\$'000 | S\$'000 |
| Current Income Tax expenses | 311 | 89 |
| Income tax expense recognised in Profit and Loss | <u>311</u> | <u>89</u> |

8. Dividends

(a) Whether an interim (final) ordinary dividend has been declared (recommended).

No dividends declared during the year.

(b) (i) Amount per share: Not applicable

(ii) Previous corresponding period: None

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated.)

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which the Registrable Transfers received by the company (up to 5:00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

9. Net Asset Value

| | Group | | Company | |
|------------------------------------|------------------|------------------|------------------|------------------|
| | As at 30/06/2024 | As at 31/12/2023 | As at 30/06/2024 | As at 31/12/2023 |
| | Cts | Cts | Cts | Cts |
| Net asset value per ordinary share | 3.61 | 3.44 | 3.58 | 3.49 |

10. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise the following :

| | Group | |
|---|----------------------|----------------------|
| | 30-Jun-24 S\$'000 | 31-Dec-23 S\$'000 |
| Unquoted equity security – Lingbao Gold Group Co., Ltd (“Lingbao”) | | |
| Beginning of financial year | 5,332 | 4,294 |
| Addition | - | - |
| Fair value gains | - | 1,038 |
| End of financial year | <u>5,332</u> | <u>5,332</u> |

The financial asset, at FVOCI represents 9,950,249 shares in a company - Lingbao that is engaged in the mining, processing, smelting and sale of gold and other metallic products. Lingbao is a joint stock limited company incorporated in PRC, which partially of its shares are listed on the Stock Exchange of Hong Kong Limited.

The Group has elected to measure the above financial asset, at FVOCI due to management's intention to hold the financial asset for strategic investment purpose.

10.1. Fair value measurement

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (**Level 1**).
- Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (**Level 2**); and
- Inputs for the assets or liability which are not based on observable market data (unobservable inputs) (**Level 3**).

The following table presented the assets measured at fair value :

| | Level 1 S\$'000 | Level 2 S\$'000 | Level 3 S\$'000 | Total S\$'000 |
|---------------------------------|--------------------|--------------------|--------------------|------------------|
| Group – 30 June 2024 | | | | |
| Financial assets | | | | |
| FVOCI investments | - | 5,332 | - | 5,332 |
| Group – 31 December 2023 | | | | |
| Financial assets | | | | |
| FVOCI investments | - | 5,332 | - | 5,332 |

11. Property, plant and equipment

During the six months ended 30 June 2024 the Group acquired assets amounting to \$137,000 (30 June 2023: \$34,000) and dispose of assets for \$199,000 (30 June 2023: \$40,000)

12. Investment properties

Following the change of control over Fengchi IOT, the Group has investment properties consist of a multi-storey bonded warehouse, automotive warehouse showroom, automotive financial services centre and logistics network management centre in Tianjin, PRC. They are leased to non-related parties under non-cancellable leases and are not substantially occupied by the Group.

Valuation approach

The Group engages external, independent and qualified valuers to determine the fair value of the investment properties at the end of every financial year based on the properties' highest and best use. The Group's policy is to revalue its investment properties on an annual basis. Discussions on the valuation process, key inputs applied in the valuation approach and the reasons for the fair value changes are held between the management and the independent valuer yearly. An update to the fair value will be done at the end of the financial year.

13. Borrowings

| | Group | |
|--|---------------|--------------|
| | 30-Jun-24 | 31-Dec-23 |
| | S\$'000 | S\$'000 |
| <u>Amount repayable within one year or on demand</u> | | |
| Bank borrowings - Secured | 28,503 | - |
| Bank borrowings - Unsecured | 525 | 516 |
| Lease liabilities - Unsecured | 1,006 | 979 |
| | <u>30,034</u> | <u>1,495</u> |

| | | |
|--|---------------|--------------|
| <u>Amount repayable after one year</u> | | |
| Bank borrowings - Secured | 22,165 | - |
| Bank borrowings - Unsecured | 251 | 515 |
| Lease liabilities - Unsecured | 687 | 1,197 |
| | <u>23,103</u> | <u>1,712</u> |

| | Company | |
|--|------------|------------|
| | 30-Jun-24 | 31-Dec-23 |
| | S\$'000 | S\$'000 |
| <u>Amount repayable within one year or on demand</u> | | |
| Bank borrowings - Unsecured | 319 | 314 |
| | <u>319</u> | <u>314</u> |

| | | |
|--|----------|------------|
| <u>Amount repayable after one year</u> | | |
| Bank borrowings - Unsecured | - | 161 |
| | <u>-</u> | <u>161</u> |

(1) The borrowings of a subsidiary corporation of the Company – Fengchi IOT Management Co., Ltd. ("Fengchi IOT") are secured by corporate guarantee of the corporations fully controlled by Mr. Ding Furu and the assets of Fengchi IOT.

(2) A subsidiary corporation of the Company – Thai Village Restaurant Pte Ltd, was granted a term loan facility of S\$1,000,000 for working capital purposes from a licensed bank in Singapore. The term loan is secured by corporate guarantee of the Company.

14. Share capital

| | The Group and the Company | | | |
|-----------------------------|---------------------------|-------------------|----------------------|-------------------|
| | As at 30/6/2024 | | As at 31/12/2023 | |
| | Number of shares | Amount S\$ | Number of shares | Amount S\$ |
| Beginning of interim period | 1,434,967,260 | 82,098,402 | 1,434,967,260 | 82,098,402 |
| End of interim period | <u>1,434,967,260</u> | <u>82,098,402</u> | <u>1,434,967,260</u> | <u>82,098,402</u> |

The Company did not hold any treasury shares as at 30 June 2024

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2024 and 31 December 2023.

15. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements

OTHER INFORMATION

1. Review

The condensed consolidated statement of financial position of Pavillon Holdings Ltd and its subsidiaries as at 30 June 2024 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Revenue

For the period from January to June 2024 the Group's total revenue amounting to \$9m. The Singapore operations contributed \$8.6m, while the China operations added \$396k. This represents a 6.8% decline compared to the same period in 2023. The decrease is primarily attributed to a \$1m drop in restaurant revenue. Additionally, royalty fees decreased by \$30k as the Chinese franchise ceased payments due to challenging business conditions in China.

Interest Income

The decrease in interest income is primarily due to a transition of associate to subsidiary, where previously the interest charged on loans to associated company was recorded as interest income from January 2024 to April 2024, this interest is now eliminated in the group's consolidated financial statements from May 2024 to June 2024.

Other Income

Other income for the period from January to June 2024 was \$310k higher compared to the same period in 2023. This increase is mainly attributed to a \$107k rise in government grants received and a \$199k gain from the disposal of a motor vehicle.

Raw materials and changes in inventories

The expenses for raw materials and changes in inventories decreased by 19%, primarily due to a decline in sales.

Employee compensation

Employee compensation decreased slightly for the period from January to June 2024 due to a reduction in F&B staff in Singapore.

Depreciation expenses

The reduction in depreciation expense, down by 12.4%, mainly due to some of the assets have been fully depreciated.

Finance expenses

Transitioning from associate company to subsidiary, resulted in an increase in finance expenses due to their consolidation into the Group's financial statements. From January to April 2024, Fengchi IOT was associate company. Starting from May 2024, Fengchi IOT became subsidiary.

Currency exchange (Gain)/Loss - net

The currency exchange gain increased by 116% due mainly to appreciation of the RMB against SGD and this was arising from the translation of loans to the associate which are denominated in Renminbi into Singapore Dollars.

Other operating expenses

Other operating expenses has increased by \$141k mainly due to the following:

- 1) Increase Insurance \$37k from Fengchi IOT
- 2) Increase in Advertisement \$7k
- 3) Increase property tax \$31k from Fengchi IOT
- 4) Increase cleaning fee \$18k
- 5) Increase Fengchi IOT facility management fee \$68k
- 6) Increase in commission due to rental commission for Fengchi IOT \$38k

Offset by decreased of the following expenses:

- 7) Lower professional fees of \$50k
- 8) Lower director fee \$15k
- 9) Lower Stamp duty of \$26k (no renewal of lease contract)
- 10) Lower Credit Card Charges of \$13K due to lower F&B sales

Share of loss of associated companies

For the period from January to June 2024, the share of loss from associated companies totaled \$528k. This notable decrease was largely due to Daju and Fengchi IOT, which were previously associate companies, transitioning to subsidiaries on May 2024.

Income Tax Expenses

The increase in the income tax expenses is mainly due to the increase in chargeable income of its Singapore subsidiary corporation operating restaurant, TVPL. The increase was due to TVPL has fully utilised its previously unutilised tax losses in prior financial year, resulting in higher chargeable income for TVPL and consequently increasing the Group's income tax for the current financial period.

Net Profit

As the result of the above, the net profit increased to S\$2 million.

Review of Financial Position as at 30 June 2024

Property, plant and equipment

The carrying amount of property, plant and equipment reduced mainly due to depreciation for the current period.

Trade and other receivable - Current & Non-current

From January 2024 to April 2024, Daju and Fengchi IOT were treated as associate companies. However, from May 2024 onward, they were consolidated as subsidiaries. As a result of this consolidation, receivables within the group were eliminated, leading to a slower receivables as compared to December 2023. Additionally, the loan to Fengchi IOT was also eliminated in the group consolidation.

Inventories

The reduction in raw material inventory is primarily due to the shortage of supply.

Investment in Associated companies

Investment in associated companies was zero, as Daju and Fengchi IOT, which were previously treated as associate companies from January 2024 to April 2024, became subsidiaries on May 2024 and were fully consolidated into the Group's financial statements from May 2024 onward.

Investment Property

The investment property of \$101.7 million was primarily due to Fengchi IOT, an associate company, becoming a subsidiary on May 2024.

Liabilities

Trade and other payables - Current

The integration of Daju and Fengchi IOT into the Group resulted in the consolidation of additional liabilities, which contributed to an increase in Trade and other payables for the period ended June 30, 2024.

Borrowings

The integration of Fengchi IOT into the Group at the end of April 2024 is the primary reason for the increased borrowings. The Group has consolidated both short-term (\$28.5 million) and long-term (\$22.2 million) debt from Fengchi IOT, which is reflected in the consolidated financial statements.

Review of Consolidated Cash Flows

Net cash inflow of \$3.4m from operating activities, mainly contributed by F&B business in Singapore.

Net cash inflow from investment activities is mainly due to effect of change of control in Fengchi IOT and Daju.

The net cash outflow from financing activities was due to the repayment of Fengchi IOT loan and Singapore bank loan.

Cash and cash equivalent as of 30 June 2024 was \$8.2m including of a Fixed deposit of \$4.6m as compared to a Cash & cash equivalent of \$5.7m as of 31 December 2023 including a fixed deposit of \$2.2m.

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

Consistent with previous statements.

4. 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.

The Group's catering business decreased in the first half of 2024 compared to the same period in 2023. Any disruptions and delays in overseas supplies could push up material costs.

The potential shortages of raw materials for our F&B business may lead to higher purchasing costs in the future, while the ongoing slower economy in China continues to present challenges to our logistics hub business in Tianjin.

5. Dividend information

5a. Current Financial Period Reported on

Any dividend recommended for the current financial period reported on?

No dividends declared during the period.

The company require capital for operation needs and development of new business. Therefore the company will not be declaring any dividend.

(b) (i) Amount per share: Not applicable

(ii) Previous corresponding period: None

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated.)

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which the Registrable Transfers received by the company (up to 5:00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

5b. Corresponding Period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No dividends declared during the period.

6. Interested person transactions

| Transaction | Name of interested person | Nature of relationship | Aggregate value of transaction | Approval |
|---|---------------------------|--|--|---|
| Accrual of interest amounts payable ⁽²⁾ by Fengchi IOT Management Co., Ltd to the Company under the Existing RMB200 million Loan, as required by applicable accounting principles. | Mr. Ding. | Mr. Ding is the 100.0% ultimate beneficial shareholder of Shanghai Liuyu Information Technology Co. Ltd and Shanghai Liuyu Information Technology Co. Ltd is the 51% shareholder of Fengchi IOT Management Co., Ltd. Fengchi IOT Management Co., Ltd is therefore an associate of Mr. Ding. | RMB 10 million (approximately S\$1.9 million). | Shareholder's approval was sought for the Existing RMB200 million Loan under the Subscription Circular and obtained on 5 August 2022. |
| Accrual of interest amounts payable ⁽³⁾ by Fengchi IOT Management Co., Ltd to the associated company of Mr. Ding under the Short-Term Financing Loan, as required by applicable accounting principles. | Mr. Ding. | The provider of the Short-Term Financing Loan is an associated company of Mr. Ding. | RMB 0.2 million (approximately S\$0.04 million). | The Short-Term Financing Loan was entered into prior to Mr. Ding becoming a Controlling Shareholder of the Company. |
| Interest-free loan to Fengchi IOT from Shanghai Liuyu Information Technology Co. Ltd ⁽¹⁾ | Mr. Ding. | Mr. Ding is the 100.0% ultimate beneficial shareholder of Shanghai Liuyu Information Technology Co. Ltd Shanghai Liuyu Information Technology Co. Ltd is therefore an associate of Mr. Ding. | RMB 6.6 million (approximately S\$1.2 million). | The Liuyu Loan is a short-term interest-free loan of RMB 6.6 million (approximately S\$1.2 million) provided by Liuyu to Fengchi IOT. Pursuant to Rule 909 of the Listing Manual, as the loan is interest-free, there is no amount at risk and therefore, no transaction value. |

6. Interested person transactions - CONTINUE

Notes :

- (1) The Liuyu Loan is a short-term interest-free loan of RMB 6.6 million (approximately S\$1.2 million) provided by Liuyu to Fengchi IOT. Pursuant to Rule 909 of the Listing Manual, as the loan is interest-free, there is no amount at risk and therefore, no transaction value.
- (2) Whilst accrued in accordance with accounting principles, the interest amount will only be payable at the end of the tenure of the Existing RMB200 million Loan, in accordance with its terms.
- (3) Whilst accrued in accordance with accounting principles, the interest amount will only be payable at the end of the tenure of the Short-Term Financing Loan, in accordance with its terms.

7. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

Confirmation by the Board

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 30 June 2024 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Fan Bin
Director

Singapore
13-Aug-24