

DISPOSAL OF SUBSIDIARY – THAI VILLAGE (CHINA) PTE. LTD.

1. INTRODUCTION

The Board of Directors (“**Board**”) of Pavillon Holdings Ltd. (the “**Company**”) wishes to announce that the Company had, on 6 January 2016, entered into a sale and purchase agreement (the “**Agreement**”) with Mr. Ho Bun Hoi (the “**Purchaser**”).

Pursuant to the terms of the Agreement, the Company shall sell 2 ordinary shares (“**Shares**”) of Thai Village (China) Pte. Ltd. (“**TVC**”) which it owns, representing 100% of the entire issued and paid-up share capital of TVC, to the Purchaser (the “**Proposed Disposal**”). Upon completion of the Proposed Disposal, TVC will cease to be a subsidiary of the Company.

2. INFORMATION ON TVC

TVC is an investment holding company which was incorporated in Singapore on 22 November 2005. TVC holds 100% of the equity interest in Thai Village Restaurant (Shanghai) Co., Ltd. and 93.75% of the equity interest in Shanghai Thai Village Restaurant Management Co., Ltd., each of which owns and operates a restaurant in the Pudong and Hongqiao districts of Shanghai, PRC, respectively.

As at 31 December 2014, the net tangible asset value of TVC is S\$701,453.

3. RATIONALE

The PRC restaurant operations have been incurring losses since 2011 due to the highly competitive market environment, despite the Company's efforts to improve their revenue and profitability. The Board has decided to dispose of TVC as a going concern in order to avoid incurring further losses and focus on its other business operations.

4. PRINCIPAL TERMS OF THE AGREEMENT

4.1 Conditions Precedent

The Proposed Disposal is subject to and conditional upon all necessary regulatory and shareholders' approvals being obtained.

4.2 Franchise Agreement

In connection with the Proposed Disposal, Thai Village Restaurant (Shanghai) Co., Ltd. and Shanghai Thai Village Restaurant Management Co., Ltd. will also enter into a franchise agreement with the Company for a period of 10 years (“**Franchise Agreement**”). Under the Franchise Agreement, Thai Village Restaurant (Shanghai) Co., Ltd. and Shanghai Thai Village Restaurant Management Co., Ltd. will pay RMB12,000 and RMB28,000 per month respectively to the Company as royalty payments.

5. CONSIDERATION AND USE OF PROCEEDS

5.1 Consideration

The consideration for the Proposed Disposal is S\$2,000,000 (the “**Consideration**”). The Consideration was arrived at on a willing buyer willing seller basis after taking into account the unaudited net tangible asset value of TVC as at 30 November 2015. The gain on disposal of TVC is approximately S\$1,426,000. The Consideration represents an excess of S\$1,298,547 over the net tangible asset value of TVC as at 31 December 2014.

The Purchaser shall pay S\$1,400,000 to the Company within 30 days of the date of the Agreement, and S\$600,000 on 30 June 2016.

5.2 Use of Proceeds

The net proceeds from the Proposed Disposal shall be used by the Company for working capital.

6. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

Based on the unaudited consolidated accounts of the Group for the six months ended 30 June 2015, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual are as follows:-

Rule 1006	Bases	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	1.78%
(b)	The net profits attributable to the assets disposed of, compared with the Group's net profits.	-3.20%
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	10.10%
(d)	The number of equity security securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable

As the relative figures under Rule 1006(a), (b) and (c) of the Listing Manual exceed 5%, and does not exceed 20%, the Proposed Disposal constitutes a “discloseable transaction” for the purposes of Chapter 10 of the Listing Manual.

The Company will also consult the SGX-ST on the Proposed Disposal in view that the relative figure under Rule 1006(b) is a negative figure, and will keep shareholders updated on the results of its consultation in due course.

7. FINANCIAL EFFECTS

7.1 Assumptions

The pro forma financial effects of the Proposed Disposal on the net tangible assets (“NTA”) per share of the Company and the loss per share (“LPS”) of the Company are prepared purely for illustration only and do not reflect the actual future financial situation of the Company and its subsidiaries (“Group”) after completion of the Proposed Disposal. The pro forma financial effects have been computed based on the audited consolidated financial statement of the Group for the financial period from 1 October 2013 to 31 December 2014.

For the purposes of computing the effect of the Proposed Disposal on the NTA per share of the Company, it is assumed that the Proposed Disposal had been completed on 31 December 2014.

For the purposes of computing the effect on the Proposed Disposal on the LPS per share of the Company, it is assumed that the Proposed Disposal had been completed on 1 October 2013.

7.2 NTA per share of the Company

	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$)	42,345,684	43,644,231
Number of issued shares of the Company	387,748,700	387,748,700
NTA per share of the Company (S\$ cents)	10.92	11.26

7.3 LPS per share of the Company

	Before the Proposed Disposal	After the Proposed Disposal
Net (loss)/profit attributable to owners of the Company (S\$)	(1,114,567)	112,579
Weighted average number of shares of the Company	321,184,149	321,184,149
Basic (LPS)/EPS (S\$ cents)	(0.35)	0.04

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any direct or indirect interest in the Proposed Disposal, other than arising from their shareholdings in the Company.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement will be available for inspection by shareholders of the Company during normal business hours at the Company's registered office at 1002 Tai Seng Avenue #01-2536, Singapore 534409, for a period of 3 months commencing from the date of this announcement.

By Order of the Board

Dr John Chen Seow Phun
Executive Chairman

Date: 6 January 2016