

**QUESTIONS FROM SHAREHOLDERS IN RELATION TO THE ANNUAL REPORT 2019**

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The Board of Directors (the “**Board**”) of Pavillon Holdings Limited (the “**Company**”) refers to the announcement dated 5 May 2020 on the Live Webcast of Annual General Meeting on 28 May 2020 (the “**Announcement**”).

Further to the Announcement, the Board and Management had received questions from shareholders for the period between 6 May 2020 to 26 May 2020 (“**Questions**”). The Company and the Board wishes to provide its responses to some of the Questions as follows: -

**A. Questions from Mr. Seow Ming Liang**

**Question 1:**

I understand that your customers are mainly "sit-in/in house dining" customers. With the closure of inevitable closures of your restaurants, without a doubt, your business has been affected - with the company only operating on a take-out basis.

Before the outbreak of COVID-19, what is the percentage of customers represented by delivery/take-out vs sit-in customers?

**Company’s Response to Shareholder’s Question 1:**

Before COVID-19, the delivery/take-out vs sit-in customers is about 2% to 98%.

**Question 2:**

I note that, unlike several other listed companies, there were no announcements informing shareholders about the impact of COVID-19 on the company's business. How have the company business been affected? What and how much of an impact? How much have the company's revenue/sales been reduced by?

**Company’s Response to Shareholder’s Question 2:**

The F & B business is badly affected. Our revenue in Q1 has reduced by more than 20%.

**Question 3:**

Of the company's various food outlets, which and how many of them have been closed as a result of COVID-19?

**Company’s Response to Shareholder’s Question 3:**

We have closed our China town outlet, Rice Hut from April onward.

**Question 4:**

I note that several landlords have passed on the benefits of the Government tax rebates to their tenants in the form of rental rebates. Have the company been able to work with/negotiate with its landlord for rental relief during this COVID-19 situation?

**Company's Response to Shareholder's Question 4:**

We have negotiated with the landlords and has received rental support from varies landlords.

**Question 5:**

I note that there were no dividends to shareholders declared. However, director fees have been maintained at \$198,000. Given the non-declaration of dividends, and the difficult operating environment due to COVID-19, can the company comment why the Director fees have not been reduced? Have management remuneration been adjusted downward to reflect the challenging operating environment due to COVID-19 going forward? If not, why not?

**Company's Response to Shareholder's Question 5:**

The management has voluntarily reduced their salary due to the COVID 19 situation.

**Question 6:**

I note that many companies are engaging in cost-cutting/cost-control measures in a bid to maintain viability amidst the COVID-19 situation. Have the company implemented any cost-cutting/cost-control measures? If so, can the company elaborate on these measures implemented (e.g. manpower reduction, salary cuts etc.)

**Company's Response to Shareholder's Question 6:**

Apart from management taking a voluntary salary reduction, we have also implemented various forms of cost cutting measures, including manpower reduction, non-paid leave etc.

**B. Questions from Mr. Lee Sze Kian****Question 1:**

Why the huge sum of directors' fee, given the poor performance of company and no dividend to shareholders? What have the directors contribute to deserve this huge sum? Please substantiate with evidence.

**Company's Response to Shareholder's Question 1:**

The group has reduced the director's fee over the years. The proposed director's fee for FY2020 is for the non-executive directors who have contributed to helping the group to regularly evaluate and review our business strategy and diversification plans, in addition to ensuring proper corporate governance. The board is therefore of the opinion that the proposed director's fee is reasonable.

**Question 2:**

The placement of shares in 2013 to the investors is a big turning point of the share price which deteriorated from a high of 20c to a unbelievable 0.009c. if this happens again, the shareholding will be diluted and 0.009 will become 0.00009c. Can the board share whether this consideration was made before proposing this resolution?

**Company's Response to Shareholder's Question 2:**

The placement of shares in 2013 was approved by the shareholders at an EGM. Its purpose was to strengthen the equity capital of the group and enable it to develop new businesses in China. Some of the new businesses will need time for it to bear fruits. The share prices of the company, however, is a matter of market forces and other external factors which are not within the board's control.

**C. Questions from Mr. Tan Wei Ren Vincent (Chen Wei Ren Vincent)**

**Question 1:**

the company is not doing well for years and the directors fee is much higher than many other companies. do you think you deserve such amounts?

**Company's Response to Shareholder's Question 1:**

The proposed director's fee for FY2020 is for the non-executive directors who have contributed to helping the group to regularly evaluate and review our business strategy and diversification plans, in addition to ensuring proper corporate governance. The board is therefore of the opinion that the proposed director's fee is reasonable.

**BY ORDER OF THE BOARD**

**Lee Tong Soon  
Managing Director**

**27 May 2020**