

PAVILLON HOLDINGS LTD.

(Company Registration No.199905141N)

(Incorporated in the Republic of Singapore)

RESPONSE TO QUERY FROM SINGAPORE EXCHANGE REGULATION ("SGX REGCO")

The Board of Directors of Pavillon Holdings Ltd. (the "**Company**" or together with its subsidiaries, the "**Group**") refer to the query raised by SGX RegCo on 24 September 2026 relating to the Company's half-year financial statements for the six months ended 30 June 2026. The Company's response to the query as follows:

QUESTION 1

The Group reported a net profit of S\$1.35 million for 1H2026, compared with net cash used in operating activities of S\$45,000. The Company disclosed that the improvement in profitability was mainly attributable to a net foreign exchange gain of S\$1.83 million. In addition, the Group had total borrowings of S\$47.8 million as at 30 June 2026. Kindly provide the Board's assessment and consideration on whether the Company can operate as going concern.

COMPANY'S RESPONSE

The Board has assessed the Group's financial position based on its half-year financial statements for the six months ended 30 June 2026 ("**1H2026**") announced on 14 August 2026 (the "**Announcement**"), and is of the view that the Group is able to continue as a going concern, having considered the following:

- a) The net foreign exchange gain of S\$1.83 million arose mainly from the strengthening of the Renminbi against the Singapore dollar. The gain is largely unrealised and non-cash in nature. Separately, the Group's food and beverage ("**F&B**") segment remained profitable, with a segment profit of S\$1.19 million in 1H2026 (please refer to pages 5, 7 and 13 of the Announcement).
- b) The Group's cash flow generated from operations was S\$1.35 million in 1H2026. After income tax paid of S\$1.40 million, the Group recorded net cash used in operating activities of S\$45,000. The income tax payment mainly related to the FY2025 income tax of a PRC subsidiary arising from the gain on disposal of the Group's shares in Lingbao Gold Group Co., Ltd. ("**Lingbao**") in 2025 (please refer to page 5 of the Announcement).
- c) As at 30 June 2026, the Group had cash and cash equivalents of S\$12.15 million. Its current assets exceeded its current liabilities by S\$8.19 million, and its total assets exceeded its total liabilities by S\$42.52 million (please refer to pages 2, 4, 5 and 14 of the Announcement).
- d) Of the Group's total borrowings of S\$47.8 million, only S\$4.70 million is repayable within the next 12 months, which is covered by the Group's cash and cash equivalents of S\$12.15 million. The remaining S\$43.10 million is repayable after 12 months. Approximately half of the total borrowings is owed to the Group's immediate and ultimate holding corporation, and interest on these loans is payable only upon maturity. The Group has been servicing its bank loans in accordance with their repayment terms, and repaid S\$2.33 million of principal during 1H2026 (please refer to pages 5, 12, 14 and 16 of the Announcement).
- e) As at 31 December 2025, the Group had undrawn borrowing facilities of S\$42.8 million from its immediate and ultimate holding corporation, expiring beyond one year. The Group did not draw on these facilities during 1H2026 (please refer to pages 34 and 88 of the Company's Annual Report for FY2025, and page 5 of the Announcement).

- f) The Group holds assets of significant value, including an investment property in Tianjin, the People's Republic of China, valued at S\$74.48 million, and quoted shares in Lingbao valued at S\$3.68 million, which may be realised if required (please refer to pages 11 and 14 of the Announcement).

Based on the above considerations, the Board is satisfied that the Group has sufficient resources to meet its obligations as and when they fall due for at least the next 12 months, and that the Group is able to continue to operate as a going concern.

By Order of the Board

Fan Bin
Executive Director

27 September 2026