

PAVILLON HOLDINGS LTD.
(Company Registration No. 199905141N)
(Incorporated in Singapore)
(the “Company”)

MINUTES OF ANNUAL GENERAL MEETING

VENUE : In Singapore via electronic means

DATE : Thursday, 28 May 2020

TIME : 3.00 p.m.

PRESENT : Please see attendance list.

CHAIRMAN : Dr John Chen Seow Phun

INTRODUCTION

The Chairman informed the Shareholders that the annual general meeting (the “**Meeting**”) was being conducted via a live webcast and the votes previously submitted via electronic means have been tabulated. He welcomed all Shareholders to the Meeting and proceeded to introduce the members of the Board personally and electronically present at the Meeting.

The Chairman had been informed by the management that the Company had addressed and replied most of the substantial and relevant questions relating to the resolutions to be tabled for approval at the Meeting or the Company’s businesses and operations. The responses were published on both the Company’s corporate website and on SGXNet on 27 May 2020. A summary of questions and answers is annexed hereto and marked as **Appendix A**.

QUORUM

As a quorum was present, the Chairman called the Meeting to order at 3.00 p.m.

NOTICE

All relevant information relating to the proposed resolutions were set out in the Notice of the Meeting dated 6 May 2020 together with the Annual Report which has been made available on the Company’s corporate website and SGXNet. As such, the Notice has been taken as read.

CONDUCT OF POLL

In line with the Listing Rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the COVID-19 (temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment No. 2) Order 2020 by the Ministry of Law on 13 April 2020, and the various Guidance on the Conduct of General Meetings during Elevated Safe Distancing Period by the SGX-ST, all resolutions at the Meeting, except for Resolutions 3 and 4, were voted by way of poll and all the resolutions were deemed to have been duly proposed and seconded.

The Chairman informed the Meeting that Azeus Systems Limited has been appointed as the webcast service provider and RHT Governance, Risks & Compliance (Singapore) Pte. Ltd. has been appointed as the scrutineers for the voting and had tabulated all submitted votes.

ORDINARY BUSINESSES:**1. RESOLUTION 1 - AUDITED FINANCIAL STATEMENTS**

The first item is to receive and adopt the Statement by Directors and the Audited Financial Statements of the Company for the financial year ended 31 December 2019 together with the Auditors' Report thereon.

The Chairman informed the Meeting that Resolution 1 on the agenda was to put the following motion to the vote:

Resolution 1

"That the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2019, together with the Auditors' Report thereon, be received and adopted."

The Chairman announced the results as follows and declared **Resolution 1 carried**:

	Number of Shares	Percentage (%)
For the Resolution	250,218,976	88.42
Against the Resolution	32,761,200	11.58
Total number of valid votes cast	282,980,176	100.00

2. RESOLUTION 2 – DIRECTORS' FEES

The Board had recommended the payment of S\$198,000 as Directors' fees for the financial year ending 31 December 2020, with payment to be made in arrears.

The Chairman informed the Meeting that Resolution 2 on the agenda was to put the following motion to the vote:

Resolution 2

"That the payment of Directors' fees of S\$198,000 for the financial year ending 31 December 2020 be approved."

The Chairman announced the results as follows and declared **Resolution 2 carried**:

	Number of Shares	Percentage (%)
For the Resolution	211,517,976	74.75
Against the Resolution	71,462,200	25.25
Total number of valid votes cast	282,980,176	100.00

3. RESOLUTION 3 – RE-ELECTION OF DIRECTOR: MR HOON TAI MENG

Mr Hoon Tai Meng ("**Mr Hoon**") had informed the Company that he would like to withdraw his consent to continue in the office and not seek for re-election as Director at the Meeting. Therefore, there is no voting required and no voting results for the re-election of Mr Hoon as Director was tabled.

Co-terminus with Mr Hoon's retirement as a Director of the Company, all his various appointments on the Board Committees would cease.

The Board expressed its appreciation to Mr Hoon for his valuable contributions to the Company during his tenure as a Director of the Company.

4. RESOLUTION 4 – RE-ELECTION OF DIRECTOR: MR KOK NYONG PATT

Mr Kok Nyong Patt (“**Mr Kok**”) had informed the Company that he would like to withdraw his consent to continue in the office and not seek for re-election as Director at the Meeting. Therefore, there is no voting required and no voting results for the re-election of Mr Kok as Director was tabled.

The Board expressed its appreciation to Mr Kok for his valuable contributions to the Company during his tenure as a Director of the Company.

5. RESOLUTION 5 – RE-ELECTION OF DIRECTOR: MR KO CHUAN AUN

Mr Ko Chuan Aun (“**Mr Ko**”) who was due for retiring as a Director of the Company pursuant to Regulation 107 of the Constitution of the Company, had consented to act in the office. The Meeting noted that Mr Ko, upon re-election as a Director of the Company, remains as an Independent Director, Chairman of the Nominating Committee and a member of the Audit Committee and the Remuneration Committee, and would be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

The Chairman informed the Meeting that Resolution 5 on the Agenda was to put the following motion to the vote:

Resolution 5

“That Mr Ko Chuan Aun be re-elected as a Director of the Company.”

The Chairman announced the results as follows and declared **Resolution 5 carried**:

	Number of Shares	Percentage (%)
For the Resolution	150,218,976	53.08
Against the Resolution	132,761,200	46.92
Total number of valid votes cast	282,980,176	100.00

6. RESOLUTION 6 – RE-APPOINTMENT OF AUDITORS

The Meeting was informed that Resolution 6 on the Agenda was to re-appoint the auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. The retiring auditors, Messrs Nexia TS Public Accounting Corporation, had expressed their willingness to continue as auditors of the Company for the ensuing year.

The Chairman informed the Meeting that Resolution 6 on the Agenda was to put the following motion to the vote:

Resolution 6

“That Messrs Nexia TS Public Accounting Corporation be and are hereby re-appointed as Auditors until the conclusion of the next AGM and that the Directors be authorised to fix their remuneration.”

The Chairman announced the results as follows and declared **Resolution 6 carried**:

	Number of Shares	Percentage (%)
For the Resolution	250,218,976	88.42
Against the Resolution	32,761,200	11.58
Total number of valid votes cast	282,980,176	100.00

7. ANY OTHER BUSINESS

As no notice of any other ordinary business to be transacted at the Meeting had been received, the Meeting proceeded to deal with the special business on the Agenda.

SPECIAL BUSINESS:

8. RESOLUTION 7 – AUTHORITY TO ISSUE SHARES

The Meeting was informed on the purpose and effect of Resolution 7, the full text of the resolution was set out under item 8 in the Notice of the Meeting dated 6 May 2020.

The Chairman informed the Meeting that Resolution 7 on the Agenda was to put the following motion to the vote:

The full text of Resolution 7 under item 8 is reproduced herewith:

Resolution 7

“That the Directors of the Company be authorised and empowered pursuant to Section 161 of the Companies Act, Chapter 50 (the “**Companies Act**”) and Rule 806 of the Listing Manual of the SGX-ST to issue shares and convertible securities in the Company upon such terms and conditions and for such purposes and to such persons and with such rights or restrictions as the Directors of the Company may in their absolute discretion deem fit. PROVIDED ALWAYS THAT the aggregate number of shares and convertible securities to be issued pursuant to this Resolution shall not exceed fifty per cent (50%) of the total issued share capital (excluding treasury shares and subsidiary holdings) of the Company, of which the aggregate number of shares and convertible securities to be issued other than on a *pro rata* basis to shareholders of the Company shall not exceed twenty per cent (20%) of the total issued share capital (excluding treasury shares and subsidiary holdings) of the Company and that unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. For the purposes of this resolution, the percentage of the total issued share capital (excluding treasury shares and subsidiary holdings) of the Company shall be based on the total issued share capital (excluding treasury shares and subsidiary holdings) of the Company at the time of the passing of this resolution, after adjusting for:

- (a) new shares arising from the conversion or exercise of any convertible securities or from exercising employee share options or vesting of share awards, provided that the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
- (b) any subsequent bonus issue, consolidation or subdivision of shares.

Adjustments in accordance with sub-paragraph (a) or sub-paragraph (b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.”

The Chairman announced the results as follows and declared **Resolution 7 not carried**:

	Number of Shares	Percentage (%)
For the Resolution	111,517,976	39.41
Against the Resolution	171,462,200	60.59
Total number of valid votes cast	282,980,176	100.00

CONCLUSION

As all the matters tabled for the Meeting have been duly completed and there was no other business to transact, the Chairman declared the Meeting closed at 3.14 p.m. and thanked everyone for their attendance at the Meeting.

CERTIFIED AS A TRUE RECORD OF MINUTES

DR JOHN CHEN SEOW PHUN
EXECUTIVE CHAIRMAN

APPENDIX A

QUESTIONS FROM SHAREHOLDERS

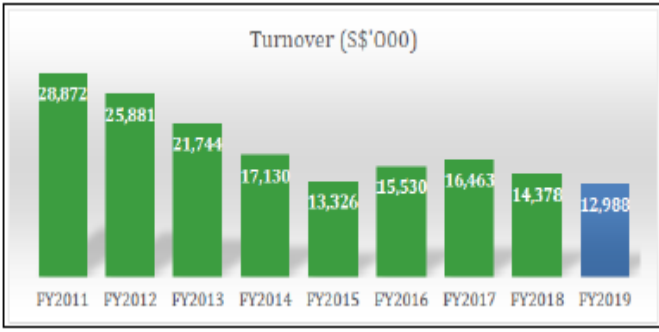
A. MR SEOW MING LIANG	
<p><u>Shareholder's Question 1</u></p> <p>I understand that your customers are mainly "sit-in/in house dining" customers. With the closure of inevitable closures of your restaurants, without a doubt, your business has been affected - with the company only operating on a take-out basis.</p> <p>Before the outbreak of COVID-19, what is the percentage of customers represented by delivery/take-out vs sit-in customers?</p>	<p><u>Company's Response</u></p> <p>Before COVID-19, the delivery/take-out vs sit-in customers is about 2% to 98%.</p>
<p><u>Shareholder's Question 2</u></p> <p>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?</p>	<p><u>Company's Response</u></p> <p>The F & B business is badly affected. Our revenue in Q1 has reduced by more than 20%.</p>
<p><u>Shareholder's Question 3</u></p> <p>Of the company's various food outlets, which and how many of them have been closed as a result of COVID-19?</p>	<p><u>Company's Response</u></p> <p>We have closed our China town outlet, Rice Hut from April onward.</p>
<p><u>Shareholder's Question 4</u></p> <p>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?</p>	<p><u>Company's Response</u></p> <p>We have negotiated with the landlords and has received rental support from varies landlords.</p>
<p><u>Shareholder's Question 5</u></p> <p>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?</p>	<p><u>Company's Response</u></p> <p>The management has voluntarily reduced their salary due to the COVID 19 situation.</p>

<p><u>Shareholder's Question 6</u></p> <p>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.)</p>	<p><u>Company's Response</u></p> <p>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.</p>
<p>B. MR LEE SZE KIAN</p>	
<p><u>Shareholder's Question 1</u></p> <p>Why the huge sum of directors' fee, given the poor performance of company and no dividend to shareholders? What have the directors contributed to deserve this huge sum? Please substantiate with evidence.</p>	<p><u>Company's Response</u></p> <p>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.</p>
<p><u>Shareholder's Question 2</u></p> <p>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 an 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?</p>	<p><u>Company's Response</u></p> <p>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.</p>
<p>C. MR TAN WEI REN VINCENT (CHEN WEI REN VINCENT)</p>	
<p><u>Shareholder's Question 1</u></p> <p>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?</p>	<p><u>Company's Response</u></p> <p>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.</p>

APPENDIX A

QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE) ("SIAS")

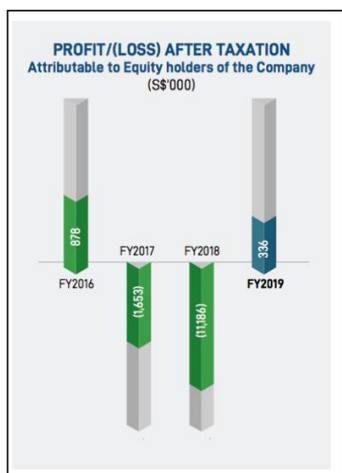
QUESTION 1	
<p>In the chairman and managing director's message to shareholders, management stated that the group attained a revenue of \$13.0 million, a slight decrease from \$14.4 million in the financial year ended 31 December 2019 (page 2 of the annual report). This was attributed mainly to decreased revenue from Singapore restaurant operations as well as a decrease in revenue from operations in China due to a decline in financial leasing business during the year.</p> <p>The slight decrease mention above was actually a 9.7% drop in revenue while the "decline in financial leasing business" was a drop in leasing revenue from \$1.5 million to just \$0.1 million in FY2019.</p> <p>Management had also added that the group received unquoted shares valued at \$3.9 million and that the group is satisfied with the valuation of unquoted shares which was deemed sufficient to "substantially cover the amount due from the debtor" (page 3). As a result, the group reversed an \$3.86 million in impairment loss on the finance lease receivables out of the total amount of \$4.83 million recognised in FY2018. However, as noted in the key audit matter which was highlighted by the independent auditor, in FY2019, the group recognised additional loss allowance of \$5.92 million due from a major debtor (page 18). This was not mentioned in the message the shareholders.</p>	
<p><u>SIAS's Question 1(i)</u></p> <p>Would the independent directors help shareholders understand their level of involvement in preparing the annual report?</p>	<p><u>Company's Response</u></p> <p>The independent directors vetted and approved the annual report.</p>
<p><u>SIAS's Question 1(ii)</u></p> <p>What guidance would the board (especially the independent directors) give to management to ensure that the annual report, including the message to shareholders, gives shareholders a true, fair and holistic view of the group's performance in the year, including the achievements and the challenges faced by the group?</p>	<p><u>Company's Response</u></p> <p>The board held detailed discussions with management on the group's financial results and challenges at board meetings during which appropriate disclosures in both the half yearly financial statements and the Annual Report were decided with the objective of giving shareholders a true, fair and holistic view of the group's performance.</p>
QUESTION 2	
<p>Can management provide shareholders with better clarity on the following operational and strategic matters? Specifically:</p>	
<p><u>SIAS's Question 2(i)</u></p> <p>Strategic direction: The group's revenue has dropped from \$28.87 million in FY2011 to \$12.99 million in FY2019. The group has made substantial losses in the last decade (see Q3 for the losses), especially in China. The group experienced year-on-year revenue decreases in 6 of the last 8 years (see chart below). Would the independent directors be driving a strategic review to safeguard the interests of all shareholders, especially minority shareholders?</p>	<p><u>Company's Response</u></p> <p>Sales turnover of our Thai Village Restaurants in China has been declining since 2011. High-end restaurant businesses were affected by the austerity policies of the Chinese Government which also resulted in less business spending. Revenue was further reduced when the group divested its 2 restaurants in Shanghai in 2016.</p> <p>Foreseeing the decline of its restaurant business in China, the board undertook a strategic review of its business direction involving the independent</p>

 <p>(Source: data from company annual reports; graphics by SIAS)</p>	<p>directors in 2014, which resulted in its diversification into financial leasing and property businesses in addition to its F&B business.</p> <p>The diversification process is being evaluated and reviewed regularly, and the independent directors have been actively taking part in the review.</p>
<p><u>SIAS's Question 2(ii)</u></p> <p>Fengchi IOT Co., Ltd: With the company's stake in Fengchi IOT Co., Ltd being diluted to 49%, what is management's level of influence and oversight of the development of the bonded warehouse in the DongJiang Economic Zone, Tianjin? What is the experience and track record of management in developing and operating logistic facilities in a Free-Trade Zone in China?</p>	<p><u>Company's Response</u></p> <p>We have our board representation in Fengchi IOT Co Ltd. In addition, we are actively involved in decision making, be it in the construction process, HR matter or operations.</p> <p>Our business partner and the IOT management have many years of experience in property development and logistics operations of parallel import of cars in China. Even with that, we are currently discussing with prospective partners who are market leaders in this field of business.</p>
<p><u>SIAS's Question 2(iii)</u></p> <p>Unquoted shares: The group received unquoted equity shares of RMB20 million as part of the partial settlement from the former executive director. What was the valuation method used by the board/management? How easy would it be for the board to monetise the unquoted equity shares if needed?</p>	<p><u>Company's Response</u></p> <p>As explained in page 56, note 17 of the annual report, the company, Lingbao, whose unquoted equity shares the group received, is partially listed on the Stock Exchange of Hong Kong Ltd. The fair value of the unquoted equity shares is determined by a hybrid of the net asset value of Lingbao and the transaction price of its quoted shares. The fair value is within level 2 of the fair values hierarchy. Depending on market conditions, the unquoted equity shares can be monetised by selling them to private investors.</p>
<p><u>SIAS's Question 2(iv)</u></p> <p>Other receivables: The group impaired \$7.0 million in other receivables in FY2018. Please disclose the nature of the "Other receivables" and the profile/identity of the debtor. How is management going to recover this long-outstanding debt?</p>	<p><u>Company's Response</u></p> <p>The debts were from the financial leasing segment of the business. The company has started legal proceedings to recover the debts.</p>
<p><u>SIAS's Question 2(v)</u></p> <p>Leasing: Given the track record of the group in the leasing business, what are management's plans for the leasing segment?</p>	<p><u>Company's Response</u></p> <p>The group has greatly reduced the financial leasing business for the time being. It will scale up the leasing business in conjunction with the start of its operations of the logistics hub after construction completes.</p>

QUESTION 3

As seen on page 9 (Financial highlights; reproduced below), the group reported a profit attributable to equity holders of the company of \$336,000 in FY2019.

Since FY2014, the cumulative losses of the group attributable to shareholders amount to \$(14.97) million. The losses in FY2014 and FY2015 were \$(1.12) million and \$(2.23) million respectively.



(Source: company annual report)

The remuneration of the executive directors is shown on page 118 and reproduced below:

Directors					
	Salary	Fee	Bonus	Other benefits	Total
	%	%	%	%	%
Directors					
Between S\$500,000 and S\$749,000					
Chen Seow Phun, John	72.3	-	10.8	16.9	100
Between S\$250,000 and S\$449,000					
Lee Tong Soon	83.8	-	13	3.3	100
Kok Nyong Patt	78.6	-	12	9.3	100
Zheng Fengwen ⁽¹⁾	85.8	-	6	8.2	100

(Source: company annual report)

All the directors received bonuses that were between 6-13% of their annual remuneration packages. In FY2018 when the company reported a loss of \$(11.2) million, the executive directors received 5-6% in bonus.

The remuneration of directors since FY2014 is shown in the table below:

	Total director remuneration (salaries, bonus and other benefit)	Bonus	Profit/(loss) attributable to shareholders
FY2014	\$3,085,000	4-6%	\$(1,115,000)
FY2015	\$2,802,000	4-6%	\$(2,225,000)
FY2016	\$2,504,000	5-6%	\$878,000
FY2017	\$2,256,000	5-6%	\$(1,653,000)
FY2018	\$1,778,000	5-6%	\$(11,186,000)
FY2019	\$1,840,000	6-13%	\$336,000
Total	\$14,265,000	-	\$(14,965,000)

(Source: company annual report)

Based on the fees approved by shareholders at the annual general meeting, it would appear that the company stopped the practice of paying the executive directors' fees. Directors' fees dropped from \$378,000 in FY2018 to \$198,000 in FY2019. Prior to that, it is estimated that the four executive directors received fees of approximately \$180,000 while the independent directors received fees of \$198,000.

Nevertheless, from FY2014-FY2019, the directors received \$14.3 million in the 6 years while the total losses attributable to shareholders amounted to \$(14.97) million.

While executive remuneration has come down in FY18-FY19, the directors still received remuneration of approximately \$1.8 million a year when the company lost over \$10 million during that period. In FY2019, bonuses for directors increased probably due to the profit of \$336,000 achieved in the year.

The remuneration committee ("RC") comprises three members, namely Mr Foo Der Rong (chairman), Mr Hoon Tai Meng and Mr Ko Chuan Aun. The RC has stated that it has a remuneration policy to provide compensation packages at market rates which reward successful performance and attract, retain and motivate directors and key management personnel.

Provision 7.1 of the Code of Corporate Governance further states that a significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance.

SIAS's Question 3(i)

Has the RC evaluated the performance of management in the past 5-8 Years?

Company's Response

Yes, the RC evaluates management's performance every year.

SIAS's Question 3(ii)

Looking at the table above, has the RC evaluated the level and structure of executive remuneration and if the current remuneration practices achieve the goal of pay-for-performance? Over a 6-year period, directors received \$14.3 million while shareholders suffered losses of \$(14.97) million.

Company's Response

The executive directors did not receive any performance bonus since 2014. They received a 13th month AWS as part of their service contract. Half of the FY2019 AWS which was supposed to be paid in Jan 2020 was paid in Dec 2019 because of early arrival of the Chinese New Year in 2020.

QUESTION 3 (cont'd)

The company has stated that the executive chairman oversees the business direction, long term strategic planning and the overall management and operations of the group (page 102). However, as disclosed in the director's profile on pages 106 and 107, the executive chairman has directorships in multiple boards of other listed companies, such as:

- OKP Holdings Limited
- Hiap Seng Engineering Ltd
- Hanwell Holdings Ltd
- Matex International Limited
- Tat Seng Packaging Group Ltd
- Hong Lai Huat Group Limited
- Fu Yu Corporation Limited

Dr Chen is also the deputy chairman or lead independent director on some of these boards.

SIAS's Question 3(iii)

Would the nominating committee evaluate how the group might benefit from the leadership of an executive chairman who is primarily focused on

Company's Response

The nominating committee regularly reviews the performance of the board and all the directors including the executive chairman.

matters of the group and chooses to fully devote his time and energy to turn around the group?	Dr Chen has vast business experience from various trades. His business exposures and networks benefit the group greatly. In addition, the company has a full-time managing director running the day to day operations of the company.
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