

ENTRY INTO CONDITIONAL SALE AND PURCHASE AGREEMENT IN RELATION TO PROPOSED ACQUISITION OF PROPERTY IN MALAYSIA

1. INTRODUCTION

The Board of Directors ("**Board**") of Pavillon Holdings Ltd. (the "**Company**") wishes to announce that Fengchi Real Estate Sdn. Bhd. ("**Fengchi RE**"), a subsidiary of the Company, had on 16 September 2017 entered into conditional sale and purchase agreement ("**SPA**") with each of the following parties for the proposed collective acquisition of units in a commercial complex and adjoining vacant lands in Johor Bahru, Johor, Malaysia (the "**Properties**") in accordance with and subject to the terms and conditions as stipulated in the conditional sale and purchase agreement (the "**Proposed Acquisition**"):-

- (1) Hock Der Realty Sdn. Bhd. (Company No. 65810-X) of Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor, Malaysia in respect of 102 lots of the Properties; and
- (2) Ascent Asia Sdn. Bhd. (Company No. 577814-K) of Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor, Malaysia in respect of 5 lots of the Properties.

2. INFORMATION ON THE PROPERTIES

The Properties comprised of a total of 107 lots comprised in a high rise commercial complex and adjoining vacant lands, known as "City Plaza, Johor Bahru", which is located in Township of Johor Bahru, District of Johor Bahru, Malaysia.

3. RATIONALE

The rationale for the Proposed Acquisition is to carry out property investment activities in Malaysia.

4. PRINCIPAL TERMS OF THE AGREEMENT

4.1 Conditions Precedent

The Proposed Acquisition is subject to the following conditions precedents:-

- a) The Company shall obtain the approval of its Board of Directors in respect of the Proposed Acquisition;
- b) The Company shall submit its Shareholders' Circular in respect to the Proposed Acquisition to Singapore Exchange Securities Trading Limited;
- c) Thereafter, the Company shall convene an Extraordinary General Meeting of its shareholders to obtain approval of the Proposed Acquisition and for the issuance of 70,000,000 new shares in the Company as part payment of the purchase price of the Properties;
- d) The Proposed Acquisition is a joint transaction with the conditional SPAs entered into with Hock Der Holdings Sdn. Bhd. and Ascent Asia Sdn. Bhd. respectively and shall be completed simultaneously with both the SPAs and not severally and separately.

5. CONSIDERATION AND USE OF PROCEEDS

The aggregate consideration for the Proposed Acquisition is RM52,000,000 (the “**Consideration**”). The Consideration shall be satisfied in the following manner:-

- i) A total of RM970,000 has been paid as deposits upon signing of the SPAs;
- ii) RM21,175,000 by way of issuance and allotment of 70,000,000 new shares (“**consideration shares**”) of the Company at an issue price of Singapore Cents Ten only (SGD 0.10) per share to Hock Der Holdings Sdn. Bhd. or its nominee. The consideration shares issued price amounts to SGD7,000,000, which is equivalent to the amount in RM21,175,000; and
- iii) The balance Consideration shall be paid upon completion of Proposed Acquisition, which is 4 months from the date of the SPA i.e. 16 January 2018 (“**Completion Date**”).

The Consideration was arrived at based on willing-buyer willing-seller basis. The properties were valued by an independent valuer commissioned by the Company, namely VPC Alliance (M) Sdn Bhd, to be RM70,000,000 on an “as is where is” basis as at 3 August 2017.

6. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

Based on the latest announced consolidated accounts of the Group for the financial period ended 30 June 2017, 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.	Not applicable
(b)	The net profits attributable to the assets acquired, compared with the Group's net profits.	-5%
(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.	90%
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	18%
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable

As the relative figure under Rule 1006 (c) of the Listing Manual exceeds 20%, the Proposed Acquisition constitutes a “major transaction” for the purposes of Chapter 10 of the Listing Manual. Accordingly, the Proposed Acquisition is subject to the approval of the shareholders of the Company.

7. FINANCIAL EFFECTS

7.1 Assumptions

The pro forma financial effects of the Proposed Acquisition 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 Acquisition. The pro forma financial effects have been computed based on the latest announced consolidated financial statements of the Group for the financial period ended 30 June 2017.

For the purposes of computing the effect of the Proposed Acquisition on the NTA per share of the Company, it is assumed that the Proposed Acquisition had been completed on 30 June 2017.

For the purposes of computing the effect on the Proposed Acquisition on the LPS per share of the Company, it is assumed that the Proposed Acquisition had been completed on 1 July 2016.

7.2 NTA per share of the Company

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S\$)	41,165,000	47,532,000
Number of issued shares of the Company	387,748,700	457,748,700
NTA per share of the Company (S\$ cents)	10.62	10.38

7.3 LPS per share of the Company

	Before the Proposed Acquisition	After the Proposed Acquisition
Net loss attributable to owners of the Company (S\$)	649,000	1,063,000
Weighted average number of shares of the Company	387,748,700	457,748,700
Basic LPS (S\$ cents)	0.17	0.23

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and to the best knowledge of the Directors, none of the controlling shareholders or substantial shareholder of the Company has any interest, direct or indirect, in the Proposed Acquisition save for their shareholdings in the Company.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy each 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.

10. EXTRAORDINARY GENERAL MEETING AND CIRCULAR

A circular containing further details on the Proposed Acquisition and enclosing a notice of extraordinary general meeting in connection therewith will be despatched to shareholders of the Company in due course.

By Order of the Board

Dr John Chen Seow Phun
Executive Chairman

Date: 18 September 2017