

ENTRY INTO ADDENDUM AGREEMENTS TO THE SALE AND PURCHASE AGREEMENTS RELATING TO THE PROPOSED PROPERTIES ACQUISITION

Pavillon Holdings Ltd. ("**Company**") refers to the announcements by the Company on 18 September 2017 and 22 September 2017 ("**Announcements**") in relation to the proposed acquisition by Fengchi Real Estate Sdn. Bhd. ("**Fengchi RE**"), a subsidiary of the Company, of 99 strata lots in a commercial building situated at No. 21 Jalan Tebrau, Johor Bahru ("**City Plaza Commercial Complex**"), forming part of the City Plaza Commercial Complex and 8 plots of land adjoining City Plaza Commercial Complex (collectively, "**Properties**") in accordance with and subject to the terms and conditions as stipulated in the conditional sale and purchase agreements dated 16 September 2017 ("**SPAs**") entered into with each of Hock Der Realty Sdn. Bhd. and Ascent Asia Sdn. Bhd. ("**Proposed Properties Acquisition**").

Capitalised terms used but not otherwise defined in this announcement shall have the meanings given to them in the Announcements.

Further to the Announcements, the Company wishes to announce that Fengchi RE has on 21 December 2017 entered into an addendum (collectively, the "**Addenda**" and each an "**Addendum**") to each of the SPAs pursuant to which it was agreed that:

- (a) the aggregate balance Consideration of RM29,855,000 shall be deemed satisfied in full by way of the Company issuing convertible bond of an equivalent amount in principal value to Mr. Low Eng Heng @ Low Yong Heng ("**Mr. Low**"), being the majority shareholder of each Hock Der Realty Sdn. Bhd. and Ascent Asia Sdn. Bhd. ("**Bond Subscription**") in accordance with the terms and subject to the conditions contained in the bond subscription agreement to be entered into between Mr. Low and the Company ("**Bond Subscription Agreement**");

The principal terms of the Bond Subscription are as follows:

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| (aa) | Issue size: | RM29,855,000 in principal amount of convertible bonds |
| (bb) | Interest rate: | The convertible bonds will bear interest at the rate of 5.00 per cent. per annum, payable every 6 months |
| (cc) | Conversion price: | RM0.3025 per share |
| (dd) | Conversion period: | The conversion right attaching to any convertible bond may be exercised, at the option of the bondholder, at any time within 3 years from the date of issuance |
| (ee) | Maturity date: | 3 years from the date of issuance. |
- (b) the Completion Date of the SPAs shall be extended to 15 February 2018 (originally 4 months from the date of the SPAs, i.e. 16 January 2018).
 - (c) The following conditions precedent were amended or inserted as part of the "Additional Conditions" to the SPAs setting out the conditions precedent to completion of the sale and purchase of the Properties:

- (i) the Company shall convene an Extraordinary General Meeting of its shareholders to obtain the shareholders' approval in respect of, *inter alia*, (a) the allotment and issuance of 70,000,000 new shares in the Company as part payment of the purchase Consideration of Properties; and (b) issuance of the RM29,855,000 in principal amount of the convertible bonds pursuant to the Bond Subscription as deemed part payment of the purchase price of the Properties; and
- (ii) the completion of the Bond Subscription in accordance with the terms and subject to the conditions contained in the Bond Subscription Agreement.

Save as to the extent amended by the Addenda, all terms and conditions of each of the SPAs remain unchanged and in full force and effect.

Shareholders are advised that the completion of the Proposed Properties Acquisition is subject to the conditions precedents in the respective SPAs being fulfilled and there is no certainty or assurance that the Proposed Properties Acquisition will be completed or that no further changes will be made to the terms of the SPAs. The Company will make further announcement in connection with the Bond Subscription in due course.

Accordingly, shareholders are advised to exercise caution in dealings with the shares, to read this announcement and any further update announcement(s) released by the Company carefully and should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take. A circular containing further details of, *inter alia*, the Proposed Properties Acquisition, together with a notice of the Extraordinary General Meeting of the Company will be despatched to shareholders in due course.

By Order of the Board

Dr John Chen Seow Phun
Executive Chairman

22 December 2017