

PAVILLON HOLDINGS LTD.

(Company Registration No. 199905141N)

ENTRY INTO SUBSCRIPTION AGREEMENT FOR THE ISSUE OF RM29,855,000 PRINCIPAL AMOUNT OF 5.0% CONVERTIBLE BONDS DUE THREE YEARS FROM THE DATE OF ISSUANCE BY THE COMPANY

- RECEIPT OF APPROVAL-IN-PRINCIPLE FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED FOR THE LISTING OF AND QUOTATION FOR THE CONVERSION SHARES

Pavillon Holdings Ltd. ("**Company**") refers to:

- (i) the announcements by the Company on 18 September, 22 September 2017 and 22 December 2017 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 in accordance with and subject to the terms and conditions as stipulated in the conditional sale and purchase agreements dated 16 September 2017 ("**SPAs**") (as amended and supplemented by the addendum agreements ("**Addendum Agreements**")) to each of the SPAs entered into with each of Hock Der Realty Sdn. Bhd. ("**Hock Der**") and Ascent Asia Sdn. Bhd. ("**Ascent Asia**") ("**Proposed Properties Acquisition**"); and
- (ii) the further announcement by the Company on 10 January 2018 that Fengchi RE has on 10 January 2018 entered into:
 - (a) a bond subscription agreement ("**Bond Subscription Agreement**") with Mr Low Eng Heng @ Low Yong Heng pursuant to which the Company has agreed to issue and Mr Low Eng Heng @ Low Yong Heng has agreed to subscribe for RM29,855,000 principal amount of 5.0% convertible bonds due three years from the date of issuance ("**Convertible Bonds**") ("**Bond Subscription**"). The Convertible Bonds are convertible into 98,694,214 ordinary shares in the capital of the Company at the conversion price of RM0.3025 per Share ("**Conversion Shares**"); and
 - (b) a confirmation letter by the Vendors in favour of the Company and Fengchi RE confirming that the amount of RM25,355,000 payable to Hock Der and the amount of RM4,500,000 payable to Ascent Asia by Fengchi RE under the SPAs and Addendum Agreements shall be fully settled by way of issuance of the Convertible Bonds to Mr Low Eng Heng @ Low Yong Heng,

(collectively, "**Announcements**").

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

Further to the Announcements, the Company wishes to announce that the Singapore Exchange Securities Trading Limited ("**SGX-ST**") has on 10 January 2018 granted its in-principle approval for the listing of and quotation for the Conversion Shares on the Official List of the SGX-ST, subject to:

- (a) compliance with the listing requirements of the SGX-ST and Shareholders' approval on the issuance of the Convertible Bonds and the potential transfer of controlling interest in the Company to Mr Low Eng Heng @ Low Yong Heng;
- (b) announcement of the conditions under which the price of the Conversion Shares may be adjusted and the conditions under which the Convertible Bonds may be redeemed; and

- (c) submission to the SGX-ST of the following:
- (i) a written confirmation from the Company that the terms of the Convertible Bonds comply with Listing Rule 829(1);
 - (ii) a written undertaking from the Company that it will comply with Listing Rule 803;
 - (iii) a written undertaking from the Company that it will not place the Convertible Bonds to persons prohibited under Rule 812(1); and
 - (iv) a written undertaking from the Company to announce any adjustment made pursuant to Listing Rule 829(1).

Please note that the SGX-ST's in-principle approval is not to be taken as an indication of the merits of the Proposed Properties Acquisition, the Convertible Bonds, the Bond Subscription, the Conversion Shares, the Proposed Potential Transfer of Controlling Interest to Mr Low Eng Heng @ Low Yong Heng, the Company and/or its subsidiaries.

The proposed issue and allotment of the Conversion Shares is subject to (a) the approval of the Shareholders at an extraordinary general meeting of the Company ("**EGM**") in relation to, *inter alia*, the Proposed Properties Acquisition, proposed issue and allotment of Conversion Shares subject to and in accordance with the Bond Subscription Agreement and the Proposed Potential Transfer of controlling interest in the Company to Mr Low Eng Heng @ Low Yong Heng pursuant to the issue and allotment of the Conversion Shares ("**Proposed Potential Transfer of Controlling Interest to Mr Low Eng Heng @ Low Yong Heng**") and (b) the completion of the Proposed Properties Acquisition.

A circular setting out further details of, *inter alia*, the Proposed Properties Acquisition, the Bond Subscription and Proposed Potential Transfer of Controlling Interest to Mr Low Eng Heng @ Low Yong Heng, together with a notice of the EGM, will be despatched to Shareholders in due course.

Shareholders should note that, although the SGX-ST has granted its in-principle approval, there is no certainty or assurance as at the date of this announcement that the Proposed Properties Acquisition and/or the Bond Subscription will be completed. The Company will make the necessary announcements when there are further developments on the Proposed Properties Acquisition and/or the Bond Subscription.

Accordingly, Shareholders are advised to read the Announcements, this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board

Dr John Chen Seow Phun
Executive Chairman

10 January 2018