

PAVILLON HOLDINGS LTD.
(Company Registration No. 199905141N)
(Incorporated in the Republic of Singapore)

**RESPONSE TO QUESTIONS RECEIVED FROM SHAREHOLDERS PRIOR TO THE
AGM SCHEDULED ON 27 APRIL 2023**

The Board of Directors (the “**Board**”) of Pavillon Holdings Ltd. (the “**Company**”) would like to thank shareholders and members who have submitted questions, by 3 pm on 20 April 2023, in advance for the Annual General Meeting (“AGM”) scheduled to be held on 27 April 2023 at 3.00 p.m..

The Company’s response to the relevant and substantial questions is set out below:

Question 1

With reference to below image, it is stated under the biography for Mr Fan Bin that "Mr. Ding is appointed to the board on 4 Nov 2022 as Non-executive and Non-independent director."? Is there an error? When was Mr. Fan Bin appointed to the Board? And is he executive or non-executive, independent or non-independent director? Please clarify.



MR FAN BIN

Non-Executive and
Non-Independent Director

Mr. Ding is appointed to the board on 4 Nov 2022 as Non-executive and Non-independent director.

Mr Fan Bin is a member of the Chinese Institute of Certified Public Accountants and a certified public accountant (CPA), a certified tax accountant (CTA) certified by the China Certified Tax Agents Association and accountant certified by the Ministry of Finance of the People's Republic of China.

He holds a Master's degree in accounting from Shanghai University of Finance and Economics and Bachelor's degree in management from Shanghai University of Finance and Economics.

Company’s Response

Yes, it is a typographical error. Mr Fan was appointed to the board on 4 November 2022. He is a Non-executive and Non-independent director. Page 7 of the Annual Report 2022 have

been replaced accordingly to correct typographical error. Please refer to the replacement Annual Report 2022 uploaded to the Singapore Exchange Securities Trading Limited via SGXNet on 19 April 2023.

Question 2

With reference to the image below, I note that the Singapore restaurants are both self-managed. Can you explain and elaborate why there are royalty fees of 120k for "Singapore"?

4 REVENUE

Disaggregation of revenue

The Group derives revenue from the transfer of goods and services at a point in time and over time in the following major revenue stream and geographical regions. Revenue is attributed to countries by location of customers.

	Group			Total
	Singapore	Vietnam	PRC	
	S\$'000	S\$'000	S\$'000	S\$'000
2022				
<u>Over time</u>				
Royalty fees	120	64	11	195
<u>Point in time</u>				
Restaurant operations	16,055	–	–	16,055
Car washing operations	–	–	59	59
	<u>16,175</u>	<u>64</u>	<u>70</u>	<u>16,309</u>
2021				
<u>Over time</u>				
Royalty fees	–	42	32	74
<u>Point in time</u>				
Restaurant operations	9,212	–	–	9,212
Rental income	–	–	63	63
Other	–	–	13	13
	<u>9,212</u>	<u>42</u>	<u>108</u>	<u>9,362</u>

Company's Response

Please refer to General Announcement – Entry into a license agreement dated 6 December 2021 and General Announcement – Termination of License Agreement dated 12 September 2022.

Question 3

For the royalty fees derived from the overseas restaurants, can you please elaborate how it works? Do we get paid a fixed sum regardless of the sales of our franchisee? Or are we paid a variable sum based on a percentage of the sales? Profits? Of our overseas franchisee? Or are we paid both a fixed and variable sum based on a percentage of the sales? Profits? Of our overseas franchisee? Please explain and elaborate.

Company's Response

Franchise or royalty fees are negotiated on a case-by-case basis. It can be based on percentage of sales or a fixed sum. We do not disclose the agreement details as these are commercial secrets.

Question 4

Company's response

a.

Utilisation capacity	FY 2021	FY 2022
Office tower	6.33%	27.23%
Warehouse	1%	57.84%
Exhibition	0	6.00%

b. Fengchi IOT Management Co., Ltd ("Fengchi IOT") has managed to sign a few more business partners during FY 2022, and with their help, we have managed to improve the occupancy rate when compared to FY 2021. Its current occupancy rates are as follows:

Utilisation capacity	2023 Feb
Office tower	28.71%
Warehouse	41.9%
Exhibition	6.00%

With reference to the above image, can you explain and elaborate why the occupancy of the warehouse dropped from 57.84% (FY2022 or end Dec) to 41.9% in Feb 2023? Why did the tenant(s) decide not to renew their leases? Please explain and elaborate

Company's Response

Occupancy of the warehouse depends on, inter alia, the economic situation and the parallel-import car industry. Tenants come and go depending on when they import and when they sell their cars. The economic environment in the beginning of 2023 has not been favorable for the parallel-import car industry. This has resulted in reduced usage of our capacity.

Question 5

The overall occupancy of Fengchi IOT is poor, with overall occupancy consistently below 50% over the past years.

What has the company done, *over the past year*, to boost the occupancy of Fengchi IOT? And would you please reflect and evaluate the efficacy and effectiveness of the methods employed *over the past year*? Please explain and elaborate.

Going forward, what is the company doing to boost the occupancy levels to a more respectable level? Please explain and elaborate.

Company's Response

Fengchi IOT completed the construction of the logistic hub in January 2021. Since then, we have been aggressively marketing the facility. We have been working with partners such as port management companies and car importers to grow our business.

We will continue to work with the IOT team, partners and the local authority to continue to improve the utilization of IOT capacity.

By Order of the Board

Dr John Chen Seow Phun
Executive Chairman

21 April 2023