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**Issuer:** Pavillon Holdings Ltd.

**Security:** Pavillon Holdings Ltd.

**Meeting details:**

Date: 25 April 2019

Time: 3.00 p.m.

Venue: Thai Village Restaurant, 2 Stadium Walk, #01-02/03 Singapore Indoor Stadium, Singapore 397691

**Company Description**

Pavillon Holdings Ltd, formerly Thai Village Holdings Ltd, is an investment holding company. The Company is engaged in franchising and provision of management services to its subsidiaries. Its segments include Restaurant operations, which relates to operation of restaurant outlets; Restaurant management services, which relates to management fees from restaurants, franchise fees and royalties from franchisees, and Equipment leasing. Its subsidiaries are Thai Village Restaurant Pte. Ltd., which is engaged in operation of restaurants; Thai Village Overseas Ventures Pte Ltd, which is an Investment holding company; Thai Village (China) Pte. Ltd.; Pavillon Financial Leasing Co., Ltd, which is engaged in financial leasing of properties, and Pavillon Business Development (Shanghai) Co., Ltd., which is engaged in business development, trading, import and export of machineries and investment holding.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=596](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=596))

1. As shown in the annual report, the group made a loss of \$13.9 million before taxes, resulting in a loss of \$14.1 million after tax.

The food and beverage (F&B) division saw its revenue dip from \$13.1 million to \$12.8 million while the financial leasing division also saw its revenue decrease by more than half to \$1.5 million.

The group has stated that it will continue “to strategise and reposition” for future growth by leveraging its strength.

- (i) Would the board help shareholders understand the group’s “strength”? What are the core competencies and competitive advantage of the group?**
- (ii) Has the board re-evaluated the long term viability of the F&B business in Singapore given the changes in consumers’ preference and the escalating costs?**
- (iii) For the benefit of new and long standing shareholders, would the board elaborate further on the business model for all the segments and identify the value drivers in the segments.**
- (iv) Specifically, in the leasing segment, the group recognised \$(4.8) million in impairment loss for finance lease receivables and a further \$(5.9) million in impairment loss for other receivables. Bulk of the finance lease receivables impairment (\$4.05 million) has been over due by more than a year. Would the audit committee be reviewing the group’s credit risk framework and be providing guidance to management on ways to better manage such risks? The impairment for the year exceeded \$(10.7) million.**
- (v) Would the board consider it prudent to carry out a strategic review of the group’s operations, including the business models, the group’s competitiveness, management’s strength and quality of the group’s brands and assets so as to further fine-tune its strategy to create long-term sustainable value for all shareholders?**

2. The board comprises:

- Dr. John Chen Seow Phun as executive chairman
- Mr Zheng Fengwen as executive director and CEO
- Mr Lee Tong Soon as managing director
- Mr Kok Nyong Patt as executive director

On page 107, the company has stated that Dr Chen and Mr Zheng oversee the business direction, long term strategic planning and the overall management and operations of the group and that Mr Zheng is also responsible for the financial leasing, property and commercial business in People’s Republic of China.

As managing director, Mr Lee is responsible for the group's F&B business, and together with Dr Chen, exercise control over quality, quantity and timeliness of the flow of information between the Management and the Board; and assisting in ensuring compliance with the Company's guidelines on corporate governance, among others.

- (i) Can the board elaborate further on the roles and responsibilities of Mr Kok Nyong Patt?**
- (ii) What are the key performance indicators of all the four executive directors that are used to assess their performance?**
- (iii) Is there significant overlap in the role and responsibilities of the executive directors?**

In addition, at the annual general meeting scheduled on 25 April 2019, Dr Chen is retiring pursuant to Regulation 107 of the constitution of the company and is seeking re-election.

- (iv) Would Dr Chen, as executive chairman, help shareholders understand how much of his time, energy and attention is spent on the group's matters? Dr Chen's list of present directorships includes several listed companies (where he sits as deputy chairman) is shown below:**

<b>Principal Commitments including Directorships</b>	<p><i>Past Directorships</i>          National University Health System Pte Ltd          Pattern Discovery Technologies Pte Ltd</p> <p><i>Present Directorships</i>          JCL Business Development Pte Ltd          Unigold Asia Limited          OKP Holdings Limited          Hiap Seng Engineering Ltd          Hanwell Holdings Ltd          Matex International Limited          SAC Capital Private Limited          Tat Seng Packaging Group Ltd          Hong Lai Huat Group Limited          Fu Yu Corporation Limited          DATAESP Pte Ltd          JLM Foundation Ltd          SAC Advisors Pte Ltd          Pavillon Financial Leasing Co., Ltd.          Pavillon Business Development (Shanghai) Co., Ltd.          Fengchi IOT Management Co., Ltd.</p> <p><i>Other Principal Commitments</i>          Nil</p>
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(Source: Company annual report)

**Should Dr Chen be re-elected as a director of the company, would Dr Chen be reviewing his commitment and focus more on the company's matters?**

3. On 5 June 2017, the company announced that it will be placed on the SGX Watch List due to the Minimum Trading Price (MTP) Entry Criteria with effect from 5 June 2017.

The company will have to meet the requirements of Rule 1314(2) of the Listing Manual within 36 months from 5 June 2017, failing which the Exchange would delist the company or suspend trading in the company's shares with a view to delisting the company.

Rule 1314(2) requires the company to achieve:

- a volume-weighted average price of at least \$0.20 and an average daily market capitalisation of S\$40 million or more over the last 6 months.

At the last update on 22 February 2019, the company stated that it is still considering various options to meet the requirements.

- (i) Would the board update shareholders on the deliberations it has had with regard to exiting the watch-list?** The quarterly updates do not give shareholders any visibility into the current thinking of the board.
- (ii) What are the options available to the group given that it has 36 months from 5 June 2017 to meet the MTP exit criteria?**
- (iii) Has the board/management evaluated the cost to the group as a result of it being watch-listed by the exchange?** For instance, the risk of being delisted would negatively impact the share price and this would make fund raising more difficult and more costly. In addition, the company's shares are no longer investable under CPF funds. There might also be reputational risks as suppliers and customers may be concerned with the company's status as a listed company when it is on the watch-list.