Securities Investors Association (Singapore)
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www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: Pavillon Holdings Ltd

Stock code: 596

Meeting details:
Date: 27 April 2023
Time: 3.00 p.m.
Venue: Thai Village Restaurant, 2 Stadium Walk, #01-02/03 Singapore Indoor Stadium, Singapore 397691

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Q1. During the financial year ended 31 December 2022, New Development Hotel Management Pte. Ltd. made a capital injection into the company and subsequently becoming the controlling shareholder with a 72.99% stake.

(i) **Can the board clarify whether a comprehensive strategic review will be conducted, with the support of the new controlling shareholder, to identify sustainable growth strategies that generate long-term value for all shareholders?**

(ii) **In addition, how will the board be leveraging the network and the expertise of the new controlling shareholder?**

(iii) **Specifically, are the restaurant businesses still regarded as core to the group, considering the significant capital injection into the China operations?**

(iv) **Will the board review its approval process and seek accountability for the car washing business, which has since ceased operations?**

Q2. Would the board/management provide shareholders greater clarity on the following operational and financial matters? Specifically:

(i) **Fengchi IOT: Can management provide insights into the key priorities for the warehouse in 2023? How does management plan to capitalize on the expected economic rebound following China's removal of COVID-restrictions in December 2022? What were the utilisation and occupancy rates as at 31 December 2022 (or any other more recent date)? Are there any competing bonded warehouses in the vicinity of Dongjiang Port in Tianjin?**

(ii) **Car washing business: What was the level of commercial due diligence carried out by the board prior to the investment? Can the company restate the total amount invested in the business which has since ceased operations? How much does management expect to recover from this failed venture?**

(iii) **Internal audit (car washing business): Was the car washing business subject to the internal audit carried out by the audit and risk committee (ARC)?**

(iv) **Internal audit (ARC):** On page 119, the ARC stated that the engagement of Mazars LLP as internal auditors for FY2022 was suspended temporarily due to the group's operations in the PRC and Singapore being halted for most of the time due to the continuance of the COVID-19 pandemic. **Can the ARC clarify if the Singapore operation was halted at any time in 2022? If yes, please indicate the affected operations? If not, what was the basis to suspend the internal audit in 2022?**

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Q3. The current board comprises Dr. John Chen Seow Phun (as executive chairman), Francis Lee Fook Wah (lead independent director), Kong Weili (independent director), Ding Furu (non-executive non-independent director) and Fan Bin (non-executive non-independent director).

(i) **Can the nominating committee (NC) elaborate further on the board evaluation process (Principle 5: Board performance of the Code of Corporate Governance 2018)? What were the key findings from the most recent last board evaluation? Did the NC view the company's long-term performance as an appropriate proxy for the board's performance?**

(ii) **In particular, how did the NC evaluate the board's performance in overseeing management and the group's affairs, including the approval of strategic policies, entrepreneurial leadership, and compliance with the Code of Corporate Governance? Also, how effective was the board in monitoring management's performance against the goals that had been set by the board?**

In addition, the company has deviated from Provision 2.2 of the Code of corporate governance 2018 which requires independent directors make up a majority of the board where the chairman is not independent.

Listing Rule 710 requires issuers to **explicitly state**, when deviating from the provisions prescribed in the Code of Corporate Governance 2018, the provision from which it has varied, the **reason(s)** for the variation, and the explanation(s) on how the practices it had adopted are consistent with the intent of the relevant principle [emphasis added].

(iii) **What are the reasons, if any, for the deviation from Provision 2.2?**

Provision 3.1 requires the separation of the roles of the chairman and the CEO.

(iv) **Did the NC deliberate on how the board can be reconstituted to meet the requirements of Provision 3.1?**

(v) **Further to the appointment of Mr Ding Furu as a non-executive director, has the new controlling shareholder made a request to nominate Mr Ding or any other person as the non-executive chairman? In fact, has the NC considered the benefits of having an independent chairman and would it be exploring the possibility of appointing an independent chairman?**

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