

PAVILLON HOLDINGS LTD.
(Company Registration No. 199905141N)

ESTABLISHMENT OF A JOINT VENTURE COMPANY IN PEOPLE'S REPUBLIC OF CHINA

Where capitalised terms are used in this announcement and not otherwise defined, such capitalised terms shall bear the same meanings as ascribed to them in the Announcement Reference No. SG150506OTHRZ1D3 dated 6 May 2015 relating to the signing of JV Agreement.

Establishment of a joint venture company

Further to the announcement dated 6 May 2015, the Board of Directors of the Company wishes to announce that the Company and Beijing State Research Interoperability Communication Technology Co., Ltd. (“**BSRICT**”) have incorporated a joint venture company, namely State Research Pavillon Financial Leasing Co., Ltd. (国研兰亭融资租赁有限公司) (“**SRPFL**”) in the PRC.

Share Capital of SRPFL

The registered share capital of SRPFL is USD30,000,000. Pursuant to the JV Agreement, the Company and BSRICT will each hold 50% shareholding interests respectively. The Company and BSRICT shall each pay USD15,000,000 or the equivalent in RMB respectively before 31 December 2018, of which USD3,000,000 or the equivalent in RMB shall be paid within 3 months of incorporation of SRPFL.

Rationale for the Joint Venture

SRPFL is formed to bring synergistic benefit to the Company, SRPFL and BSRICT in developing their respective businesses in financial leasing industry in China.

The Board of Directors of the Company believe that this proposed joint venture is synergistic and beneficial to the Group as the joint venture will enable us to expand the Group's business in China.

Sources of Funds

The investment in SRPFL will be funded through internal resources and the transaction is not expected to have any material impact on the consolidated net tangible assets and earnings per share of the Company for the financial year ending 31 December 2016.

Interest of Directors and Substantial Shareholders

None of the Company's Directors or Controlling Shareholders or Substantial Shareholder of the Company has any interest, direct or indirect, in the above transaction save for their shareholdings in the Company.

By Order of the Board

Dr John Chen Seow Phun
Executive Chairman

12 January 2016