

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

PAVILLON FINANCIAL LEASING CO., LTD. (兰亭融资租赁有限公司)
– PROPOSED INVESTMENT BY NEW INVESTORS

The Board of Directors (“**Board**”) of Pavillon Holdings Ltd. (“**Company**”) wishes to announce that the Company has entered into agreements dated the same date of this announcement (“**Agreements**”) with the following strategic investors from the People’s Republic of China (“**PRC**”) in connection with their proposed investment of an aggregate amount of US\$10,144,927 (“**Investment**”) in Pavillon Financial Leasing Co., Ltd. (兰亭融资租赁有限公司) (“**PFL**”):

- (i) Walum Holdings Group Co., Ltd 万源众邦控股（集团）有限公司; and
 - (ii) Tianjin Baorui International Trading Co., Ltd 天津宝锐国际贸易有限公司
- (collectively known as “**New Investors**”).

Information on New Investors

Walum Holdings Group Co., Ltd is an investment holding company incorporated in PRC with registered capital of RMB500,000,000.

Tianjin Baorui International Trading Co., Ltd is a company incorporated in PRC with registered capital of RMB30,000,000. It is also a 10% joint venture partner in Fengchi Technology Co., Ltd. (丰驰科技股份有限公司) (“**Fengchi Technology**”).

The Company’s wholly-owned subsidiary, Tianjin Pavillon Assets Management Co., Ltd. (天津兰亭资产管理有限公司), owns 30% equity interest in Fengchi Technology. Tianjin Binhai New Area Changjiang Cultural Assets Trading Center Co., Ltd. (天津滨海新区长江文化资产交易中心有限公司) (of which 40% of its equity interest is owned by Tianjin Pavillon Assets Management Co., Ltd.) owns another 25% equity interest in Fengchi Technology.

Further Details on the Investment

PFL is a wholly-owned subsidiary of the Company incorporated in the PRC with a registered capital of US\$50 million. The Company has paid up US\$20,565,536 of PFL’s registered capital.

The principal activities of PFL are financial leasing or leasing of all types of goods, property and assets, which may include machinery, tools, equipment, devices, vehicles and instruments, as well as providing financial leasing transaction consultation services.

US\$7,803,791 of the Investment will be contributed towards the paid-up capital of PFL, so that the paid-up capital of PFL will amount to US\$28,369,327 post Investment. The remaining US\$2,341,136 of the Investment will be paid to PFL as premium. Further details of the Investment are set out below:

New Investors	Investment Amount	Contribution to PFL's paid-up capital	Premium payable to PFL	Shareholding percentage post Investment based on PFL's registered capital of US\$50 million
Walum Holdings Group Co., Ltd 万源众邦控股(集团)有限公司	US\$7,971,014	US\$6,131,550	US\$1,839,464	12.26%
Tianjin Baorui International Trading Co., Ltd 天津宝锐国际贸易有限公司	US\$2,173,913	US\$1,672,241	US\$501,672	3.34%
TOTAL	US\$10,144,927	US\$7,803,791	US\$2,341,136	15.60%

As shown in the table above, based on PFL's registered capital of US\$50 million, the Investment will therefore dilute the Company's equity interest in PFL from 100% to 84.40%.

The Investment, when completed, will change the status of PFL from a wholly foreign-owned enterprise (WFOE) to a foreign-local joint venture company, and the Company remains obliged to contribute the balance US\$21,630,673 of PFL's registered capital before 30 June 2018 (unless otherwise extended by the relevant PRC authority).

Rationale

The Investment is to be made on very favourable terms to the Company and is in its best interest as the New Investors will be paying a substantial premium to PFL. Further, the Investment will strengthen PFL's financial position and enable it to take on additional profitable business opportunities, which would benefit shareholders of the Company.

Financial Effects

The Investment is not expected to have a material impact on the consolidated net tangible assets and consolidated earnings per share of the Company for the financial year ending 31 December 2017.

Interest of Directors, Controlling Shareholders etc.

None of the Company's Directors, chief executive officer or controlling shareholders or their associates has any interest, direct or indirect, in the Investment, and none of them are related to any of the New Investors.

Documents for Inspection

Copies of the Agreements are available for inspection during normal business hours from 9 a.m. to 5 p.m. at Block 1002 Tai Seng Avenue #01-2536 Singapore 534409 for a period of three (3) months from the date of this announcement.

By Order of the Board

Dr John Chen Seow Phun
Executive Chairman

Date: 8 March 2017