

**PROPOSED DISPOSAL OF AN ASSOCIATED COMPANY – TIANJIN BINHAI NEW AREA
CHANGJIANG CULTURAL ASSETS TRADING CENTER CO., LTD.**

1. INTRODUCTION

The Board of Directors (“**Board**”) of Pavillon Holdings Ltd. (the “**Company**”) wishes to announce that its wholly-owned subsidiary, Tianjin Pavillon Assets Management Co., Ltd. (天津兰亭资产管理有限公司) (“**TPAM**”) had, on 22 November 2017, entered into an equity transfer agreement (the “**Agreement**”) with Inner Mongolia Jiangmeng Culture and Arts Co., Ltd. (内蒙古江蒙文化艺术有限公司) (the “**Purchaser**”).

Pursuant to the terms of the Agreement, the Company shall sell its 40% equity interest (“**Equity Interest**”) in 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) (“**Changjiang Cultural**”) to the Purchaser (the “**Proposed Disposal**”). Upon completion of the Proposed Disposal, Changjiang Cultural will cease to be an associated company of the Company and TPAM.

2. INFORMATION ON CHANGJIANG CULTURAL AND THE PURCHASER

Changjiang Cultural is a joint venture company incorporated in the People’s Republic of China (“**PRC**”) and its principal activity is to provide an online trading platform for cultural artefacts and collectibles and related trading facilities.

As at the date of this announcement, the registered capital of Changjiang Cultural is RMB50 million, of which TPAM has committed to contribute RMB20 million and has paid up RMB4 million.

The Purchaser is a company incorporated in Hohhot New City, Inner Mongolia on 18 July 2016, with a registered capital of RMB1,000,000. The principal business activities of the Purchaser include (i) the provision of consulting services for the trading of art pieces, (ii) direct sales and agency sales of art pieces and collectibles (including, *inter alia*, coins, stamp and jewellery), (iii) research and development in relation to collectibles and art pieces, (iv) design and technical consultancy of art products and (v) art exhibition and shows.

3. RATIONALE

Due to changes in the PRC government policy on the legality of online trading platforms relating to cultural assets, Changjiang Cultural had to cease its online cultural assets trading platform. Accordingly, the Board is of the view that it is in the best interest of the Company to proceed with the Proposed Disposal.

4. PRINCIPAL TERMS OF THE AGREEMENT

4.1 Conditions Precedent

Under the Agreement, completion of the Proposed Disposal is subject to and conditional upon all necessary regulatory approvals as well as approval of the Company's shareholders ("Shareholders") being obtained.

4.2 TPAM Commitment

Upon completion of the Proposed Disposal, the Purchaser will assume all payment obligations of TPAM in respect of the balance RMB16 million capital commitment in Changjiang Cultural.

The Equity Transfer Agreement shall become effective and binding on the parties after the Board and Shareholders' approvals have been obtained.

4.3 Transfer of Equity Interest

The parties shall complete the transfer of Changjiang Cultural Equity Interest with 15 days upon the Equity Transfer Agreement becoming effective and binding.

5. CONSIDERATION AND USE OF PROCEEDS

5.1 Consideration

The consideration for the Proposed Disposal is RMB4,116,516.65 (the "**Consideration**") which represents 40% of the net asset value of Changjiang Cultural as of 31 July 2017. The Consideration was arrived at through arm's length negotiations between TPAM and the Purchaser, on a "willing-buyer, willing-seller" basis. The net asset value of Changjiang Cultural as at 31 July 2017 was RMB10,291,291.63. No valuation was conducted in respect of the Equity Interest.

The Purchaser shall pay RMB4,116,516.65 to TPAM within three months from TPAM obtaining the Shareholders' approval in relation to the Proposed Disposal.

5.2 Use of Proceeds

The net proceeds from the Proposed Disposal is estimated to be approximately S\$837,000 and shall be used by the Group for working capital and/or strategic investments or acquisitions.

6. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

Based on the latest announced consolidated accounts of the Group for the financial period ended 30 June 2017, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual are as follows:-

Rule 1006	Bases	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	2%
(b)	The net profits attributable to the assets disposed of, compared with the Group's net profits.	74%
(c)	The aggregate value of the consideration given or received, compared with the Company's market	5%

Rule 1006	Bases	Relative Figures (%)
	capitalisation based on the total number of issued shares excluding treasury shares.	
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable

As the relative figure under Rule 1006(b) of the Listing Manual exceeds 20%, the Proposed Disposal constitutes a “major transaction” for the purposes of Chapter 10 of the Listing Manual. Accordingly, the Proposed Disposal is subject to the approval of the Shareholders.

7. FINANCIAL EFFECTS

7.1 Assumptions

The pro forma financial effects of the Proposed Disposal on the net tangible assets (“**NTA**”) per share of the Company and the earnings per share (“**EPS**”) of the Company are prepared purely for illustration only and do not reflect the actual future financial situation of the Company and its subsidiary corporations (“**Group**”) after completion of the Proposed Disposal. The pro forma financial effects have been computed based on the audited consolidated financial statement of the Group for the financial year ended 31 December 2016.

For the purposes of computing the effect of the Proposed Disposal on the NTA per share of the Company, it is assumed that the Proposed Disposal had been completed on 31 December 2016.

For the purposes of computing the effect on the Proposed Disposal on the EPS per share of the Company, it is assumed that the Proposed Disposal had been completed on 1 January 2016.

7.2 NTA per share of the Company

	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$)	40,162,884	39,640,030
Number of issued shares of the Company	387,748,700	387,748,700
NTA per share of the Company (S\$ cents)	10.36	10.22

7.3 EPS per share of the Company

	Before the Proposed Disposal	After the Proposed Disposal
Net profit attributable to owners of the Company (S\$)	877,947	355,092
Weighted average number of shares of the Company	387,748,700	387,748,700
Basic EPS (S\$ cents)	0.23	0.09

7.4 Gain on Disposal

The Company will record an accounting gain of approximately S\$100,000 arising from the Proposed Disposal (based on the 6 months' financial period and as at 30 June 2017).

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and to the best knowledge of the Directors, none of the controlling Shareholders or substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal save for their shareholdings in the Company.

9. SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal and no service contract is proposed to be entered into by the Company and any such person in connection with the Proposed Disposal.

10. CIRCULAR TO SHAREHOLDERS

The Company will convene an extraordinary general meeting ("EGM") to seek the approval of the Shareholders for the Proposed Disposal and a circular to Shareholders setting out further information on the Proposed Disposal, together with the notice of EGM to be convened, will be despatched to Shareholders in due course.

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement will be available for inspection by Shareholders during normal business hours at the Company's registered office at Block 1002 Tai Seng Avenue, #01-2536, Singapore 534409, for a period of 3 months commencing from the date of this announcement.

By Order of the Board

Dr John Chen Seow Phun
Executive Chairman

Date: 22 November 2017