GAYLIN HOLDINGS LIMITED
(Company Registration No. 201004068M)
(Incorporated in the Republic of Singapore on 25 February 2010)

PROPOSED ACQUISITION OF 100% OF THE EQUITY INTEREST IN RIG MARINE HOLDINGS FZC – ENTRY INTO OF AN AMENDED AND RESTATED SALE AND PURCHASE AGREEMENT AND AN AMENDED AND RESTATED LOAN AGREEMENT

Capitalised terms used herein shall have the definitions ascribed to them in the Company's announcement dated 12 November 2013, 19 February 2014, 21 April 2014 and 13 June 2014, unless stated or the context otherwise requires.

1. FURTHER AMENDED AND RESTATED SALE AND PURCHASE AGREEMENT

The Board of Directors of Gaylin Holdings Limited (the "**Company**") refers to the Company's announcements dated 12 November 2013 and 19 February 2014 in respect of the proposed acquisition of 51% of the equity interest in Rig Marine Holdings FZC ("**Target**") by Gaylin Asia Pte Ltd ("**Purchaser**") pursuant to the terms of the conditional sale and purchase agreement dated 12 November 2013 ("**Agreement**"), as restated by the Amended and Restated Agreement ("**Revised SPA**") entered into on 19 February 2014 and taking effect from 12 November 2013.

Under the terms of the Revised SPA, the Purchaser was to purchase 51% of the equity interest in the Target. On 13 June 2014, the Company has announced that the acquisition of the First Tranche Sale Shares (as defined below) was completed ("**First Completion**"), and an amount of US$6,693,587 has been paid by the Purchaser to the Vendors ("**First Completion Tranche**").

Further to the First Completion, the Purchaser has decided to acquire, and the Vendors have decided to collectively sell, 100% of the equity interest in the Target ("**Proposed Acquisition**"). Accordingly, the Company has on 12 March 2015 entered into a Further Amended and Restated Agreement ("**Further Revised SPA**"), taking effect from 12 November 2013, restating the terms of the Revised SPA.

<u>Revised Sale Shares</u>

Under the terms of the Further Revised SPA, the Purchaser will acquire, and the Vendors will collectively sell, such number of shares representing 100% of the equity interest ("**Revised Sale Shares**") in the Target. The relative proportion of the Revised Sale Shares to be sold by the Vendors are 60% of the Revised Sale Shares by the First Vendor and 40% of the Revised Sale Shares by the Second Vendor respectively, to be sold in the following further proportion:

(a) 30% of the Revised Sale Shares as at First Completion by the First Vendor; and
(b) 21% of the Revised Sale Shares as at First Completion by the Second Vendor,

("**First Tranche Sale Shares**")

and

(i) 30% of the Revised Sale Shares as at Second Completion (as defined below) by the First Vendor; and
(ii) 19% of the Revised Sale Shares as at Second Completion by the Second Vendor.

("**Second Tranche Sale Shares**")

Revised Consideration

The Further Revised SPA also provides for a change in the consideration for the sale and purchase of the Revised Sale Shares ("**Revised Consideration**"). The Revised Consideration is determined from a target ANPAT of US$2,640,000 ("**Target ANPAT**"). The Revised Consideration is US$15,840,000, being 6.0 times the Target ANPAT, subject to the aggregate profits of the Target and the Subsidiaries for the period from 1 July 2014 to 30 June 2015 ("**FP2015**") and the period 1 July 2015 to 30 June 2016 ("**FP2016**") being at least 230% of the Target ANPAT ("**Two-Year ANPAT Target**"). If the aggregate of the FP2015 ANPAT and the FP2016 ANPAT falls below the Two-Year ANPAT Target, the Revised Consideration will be reduced by 6 times the shortfall.

Under the terms of the Further Revised SPA, the nominal consideration ("**Nominal Consideration**") for the sale and purchase of the Revised Sale Shares will be the Revised Consideration less US$921,000 ("**Debt Amount**").

The timing for payment and details of computing the Nominal Consideration are set out below:

(a) The First Completion Tranche in the sum of US$6,693,587, payable to the Vendors in relative proportion to their First Tranche Sale Shares on First Completion, in the form of cash of US$4,030,290 (with US$469,710 of the Debt Amount also acknowledged by the Vendors to have been paid as of the date of the Further Revised SPA) with the balance of US$2,663,297 payable by way of the issue of Gaylin Shares to the Vendors, and acknowledged by the Vendors to have been paid as at the date of the Further Revised SPA;

(b) Subject to the ANPAT for FP2015 being at least 110% of the Target ANPAT, a first subsequent tranche in the sum of US$2,340,703 ("**First Subsequent Tranche**"), payable to the Vendors in relative proportion to their Second Tranche Sale Shares, within 21 days of the issue by the Accountants of the audit report of the Target and the Subsidiaries for FP2015 ("**First Subsequent Tranche Date**"), in such proportion of cash and Gaylin Shares such that as far as possible the amount of cash paid under the First Completion Tranche and First Subsequent Tranche plus the Debt Amount, equals the amount paid by Gaylin Shares under the First Completion Tranche and First Subsequent Tranche; and

(c) A second subsequent tranche in the sum of US$5,884,710 ("**Second Subsequent Tranche**") with the First Subsequent Tranche (if the First Subsequent Tranche was not previously paid on the First Subsequent Tranche Date due to the FP2015 ANPAT not being at least 110% of the Target ANPAT) payable to the Vendors in relative proportion to their Revised Sale Shares, as adjusted between the Vendors such that the total relative consideration received by each Vendor under sub-paragraphs (a) and (b) above and this sub-paragraph (c) and the Debt Amount is in the same relative proportion as their Revised Sale Shares, within 21 days of the issue by the Accountants of the audit report of the Target and the Subsidiaries for FP2016 ("**Second Subsequent Tranche Date**"), in such proportion of cash and Gaylin Shares such that as far as possible the amount of cash payable under the First Completion Tranche, First Subsequent Tranche and Second Subsequent Tranche plus the Debt Amount, equals the amount paid by Gaylin Shares under the First Completion Tranche and First Subsequent Tranche and Second Subsequent Tranche.

The Further Revised SPA also revised the Consideration Adjustment as such:

(a) If after the issue of the audit report of the Target and the Subsidiaries prepared by the Accountants for FP2016, the aggregate of the FP2015 ANPAT and the FP2016 ANPAT is less than the Two-Year ANPAT Target, then the Vendors shall severally pay (in relative proportion to their Revised Sale Shares) to the Purchaser the amount of 6 multiplied by the difference between the Two-Year ANPAT Target and the aggregate of the FP2015 ANPAT and FP2016 ANPAT, such payment to be in the first instance set off against the Second Subsequent Tranche (reducing the Second Subsequent Tranche payable in Gaylin Shares and cash in such proportion that the Revised Consideration payable by the Purchaser shall as far as possible be in equal proportion of cash and through the issue of Gaylin Shares to the Vendors); and if insufficient, against the First Subsequent Tranche if the First Subsequent Tranche was not paid on the First Subsequent Tranche Date due to the FP2015 ANPAT not being at least 110% of the Target ANPAT but payable only on the Second Subsequent Tranche Date (reducing the First Subsequent Tranche payable in Gaylin Shares and cash in such proportion that the Revised Consideration payable by the Purchaser shall as far as possible be in equal proportion of cash and through the issue of Gaylin Shares to the Vendors) and if still insufficient, with the balance payable by the Vendors in cash in relative proportion to their Revised Sale Shares. The Purchaser shall be entitled to require that any amounts payable by the Vendors be set off against any unpaid Debt Amount and any other amount due by the Group to the Vendors.

(b) If the aggregate of the FP2015 ANPAT and FP2016 ANPAT is greater than the Two-Year ANPAT Target, no adjustment shall be made to the Second Subsequent Tranche.

The Further Revised SPA also provides that the aggregate number of Gaylin Shares issued to the Vendors as part of the Revised Consideration shall not exceed 14,865,012, and where the aggregate number of Gaylin Shares to be issued to the Vendors will exceed 14,865,012, the number of Gaylin Shares to be issued under the First Subsequent Tranche and Second Subsequent Tranche shall be reduced such that the aggregate number of Gaylin Shares issued to the Vendors as part of the Revised Consideration shall be 14,865,012, and the balance shall be payable in cash.

Second Completion

The Further Revised SPA provides for the completion of the transfer of the Second Tranche Sale Shares by the Vendors to the Purchaser ("**Second Completion**"), which is subject to the following conditions precedent being satisfied in the discretion of the Purchaser:

(a) The Vendors not being in breach of any of their obligations or undertakings under the Further Revised SPA;

(b) no governmental or court act, decree or order of any applicable jurisdiction has been issued or enacted which in the Purchaser's reasonable view may materially hinder, limit or restrict the Second Completion, the transfer of the Second Tranche Sale Shares to the Purchaser or the performance by the parties of their obligations under the Further Revised SPA;

(c) there has been no material adverse change in the prospects, operations, assets, business, liabilities or financial or operating conditions of the Target and the Subsidiaries occurring on or before the date of the Second Completion and there has been no event occurring on or before the date of the Second Completion which would be likely to result in such material adverse change after the date of the Second Completion;

(d) there not being at any time prior to Second Completion any restriction, limitation, prohibition or directive, whether written or verbal, from the SGX-ST or any other relevant regulatory authorities limiting and/or prohibiting the entry into or performance by the Company or by the Target of its obligations under the Further Revised SPA;

(e) the Vendors having granted waivers of pre-emption rights to the transfer of the Second Tranche Sale Shares to the Purchaser in form and substance satisfactory to the Purchaser;

(f) the Vendors' warranties being true and correct in all material respects at all times up to and on date of the Second Completion save as disclosed in the disclosure letter; and

(g) the Vendors having obtained the initial and/or in principle approval by the Hamriyah Free Zone Authority to the transfer of the Second Tranche Sale Shares to the Purchaser and its nominee.

Representations, Warranties and Undertakings of the Vendors

The Further Revised SPA provides that the quantum of damage to which the Purchaser shall be entitled in respect of any claims by the Purchaser for breach in respect of the period after the First Completion and before the Second Completion by any or both of the Vendors of the Vendors' warranties (save for the warranties as to title of the Revised Sale Shares) shall take into account that the Purchaser is owner of 51% of the total issued shares of the Target during such period.

The Vendors had also undertaken in the Further Revised SPA that they shall waive:

(a) all rights, entitlements and privileges (including any right to any dividends or distribution) arising out of or in connection with their holding of the Revised Sale Shares, including any such rights, entitlements and privileges that have accrued, and

(b) all claims against any of the Target or its Subsidiaries, howsoever arising, save as expressly provided for under the Further Revised SPA, the Service Agreements or the Revised Loan Agreement.

The Vendors had also undertaken that they shall not sell, realise, transfer, create any encumbrances or otherwise dispose of any Gaylin Shares or interest therein for a period of 24 months from the respective date that such Gaylin Shares were issued to the Vendors.

Call Option and Put Option

The Further Revised SPA has removed the Call Option and Put Option granted to the Purchaser and the Vendors respectively.

How the Proposed Acquisition will be funded

The Company will fund the Proposed Acquisition through the proceeds from its initial public offering, existing funds of the Company and by the issue of Gaylin Shares.

The Directors are of the opinion that, after taking into consideration the present bank facilities, the working capital available to the Group is sufficient to meet its present requirements.

Value of assets being acquired or disposed of

As at 31 December 2012, the net tangible asset ("**NTA**") value represented by the Revised Sale Shares, prepared on an audited consolidated basis, is US$5,898,224.

Net profits attributable to the assets being acquired or disposed of

The net profit after tax, for the financial year ended 31 December 2012 of the Revised Sale Shares, prepared on an audited consolidated basis, is US$3,901,578.

Effect of the transaction on the net tangible assets per share of the Company

The financial effects of the Proposed Acquisition on the Group set out below are purely for illustrative purposes only and do not reflect the future financial position of the Group after the completion of the Proposed Acquisition.

As the Further Revised SPA will take effect as from 12 November 2013, the financial effects have been prepared on a pro forma basis using the audited consolidated full year financial statements of the Group for the 12 months ended 31 March 2013 ("**FY2013**").

Assuming that the Proposed Acquisition had been completed on 31 March 2013 and based on the Company's audited consolidated financial statements for FY2013, the effects on the NTA per share of the Company are approximately as follows:

As at 31 March 2013	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S$'000)	89,691	97,064
Number of shares issued ('000)	432,000	446,865
NTA per share (Singapore cents)	20.76	21.72

Notes:
(i) The NTA per share was calculated based on the number of shares of the Company in issue as at 31 March 2013.

Effect of the transaction on the earnings per share of the Company

Assuming that the Proposed Acquisition had taken place on 1 April 2012 and based on the Group's audited consolidated financial statements for FY2013 and the audited consolidated financial statements of the Target and the Subsidiaries for the financial year ended on 31 December 2012, the Proposed Acquisition would have the following approximate effects on the Group's earnings per share ("**EPS**") as presented in the following table:

As at 31 March 2013	Before the Proposed Acquisition	After the Proposed Acquisition
Consolidated net profit attributable to shareholders (S$'000)	10,491	15,368
Weighted average share capital ('000)	355,633	370,498
EPS (Singapore cents)	2.95	4.15

Effect of the transaction on the gearing of the Company

Assuming that the Proposed Acquisition had been completed on 31 March 2013, and based on the Group's audited consolidated financial statements for FY2013, there would be no material effects on the gearing of the Group.

Effect of the Proposed Acquisition on the issued share capital and number of shares of the Company as at 12 November 2013

On the basis that the aggregate of the FP2015 ANPAT and FP2016 ANPAT is 230% of the Target ANPAT, the aggregate amount of Revised Consideration payable under the Further Revised SPA will be US$15,840,000 (approximately equivalent to S$19.80 million). Assuming further that all 14,865,012 Gaylin Shares are issued as part of the Revised Consideration, the Company's issued share capital will increase from 432,000,000 shares as at 12 November 2013, being the date of the Agreement, to 446,865,012 shares. The Gaylin Shares represent approximately 3.44% of the then existing issued share capital of the Company as at 12 November 2013, and approximately 3.33% of the enlarged issued share capital of the Company following completion of the Proposed Acquisition.

Relative figures that were computed on the bases set out in Rule 1006

	Relative Figures (%)
Rule 1006 (a) The net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable
Rule 1006 (b) The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits as at 31 March 2013	46.5%
Rule 1006 (c) [(1)] Aggregate value of consideration given or received, compared with the market capitalisation of the Company as at 11 November 2013, being the last full market day immediately preceding the execution of the Agreement	8.0%
Rule 1006 (d)[(2)] The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	3.4%
Rule 1006 (e) The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable

Notes:

(1) Assuming that the aggregate of the FP2015 ANPAT and FP2016 ANPAT is 230% of the Target ANPAT, the aggregate amount of Revised Consideration payable under the Agreement will be US$15,840,000 million (approximately equivalent to S$19.80 million).

(2) Assuming that the maximum of 14,865,012 Gaylin Shares is issued as part of the Revised Consideration.

2. AMENDED AND RESTATED LOAN AGREEMENT

The Purchaser, Vendors and Target had on 17 April 2014 entered into a Loan Agreement, pursuant to which the Vendors had granted an interest free loan amounting to 49% of the Debt Amount to the Target ("**Vendors Loan**"), while the Purchaser had granted an interest free loan amounting to 51% of the Debt Amount to the Target. Under the Loan Agreement, the Debt Amount is US$921,000, from which US$585,000 was owed to the First Vendor, and US$336,000 was owed to the Second Vendor.

Pursuant to the entry of the Further Revised SPA, the Purchaser, Vendors and Target had on 12 March 2015 entered into an amended and restated loan agreement ("**Revised Loan Agreement**"), taking effect from 17 April 2014, restating the terms of the Loan Agreement.

The Revised Loan Agreement no longer provides for a Vendors Loan, and further provides that the Purchaser shall grant the following loans to the Target:

(a) Upon and subject to First Completion, an interest free loan amounting to 51% of the Debt Amount, to be granted at the same time as the First Completion Tranche payment. The Vendors had agreed that as at First Completion, US$469,710 of the Debt Amount has been repaid by the Target to the Vendors, leaving a balance of US$451,290. The Vendors further agreed that the outstanding balance of US$451,290 is due to the grant by the Vendors of the Vendors Loan pursuant to the Loan Agreement, and that the proceeds of such Vendors Loan has been fully disbursed to repay in full the consideration due to the Vendors arising from the acquisition by the Target of the Subsidiaries, and that no other amount is due to the Vendors arising from the acquisition by the Target of the Subsidiaries; and

(b) Subject to Second Completion and subject to the fulfilment of the conditions precedents set out below, a further interest free loan amounting to 49% of the Debt Amount, to be granted on the day the Second Subsequent Tranche is payable,

(collectively, the "**Purchaser Loans**").

The obligation of the Purchaser to grant the Purchaser Loans is conditional upon:

(a) there having been First Completion under the Further Revised SPA; and

(b) the Further Revised SPA not having been terminated and the Vendors not having breached the terms of the Further Revised SPA.

The Vendors further agreed that notwithstanding that the Debt Amount is due from the Target to the Vendors, the Purchaser shall be entitled to offset any amount due from any Vendor to the Purchaser under the Further Revised SPA (including amounts payable as part of the Nominal Consideration) against such Debt Amount.

3. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company have any direct or indirect interest in the Further Revised SPA, Revised Loan Agreement or the Proposed Acquisition, other than through their respective shareholdings in the Company.

4. DOCUMENTS FOR INSPECTION

Shareholders should note that a copy of the Further Revised SPA and the Revised Loan Agreement will be available for inspection during normal business hours at the Company's registered office at 7 Gul Avenue, Singapore 629651 for three (3) months from the date of this Announcement.

BY ORDER OF THE BOARD
Desmond Teo Bee Chiong
Executive Director and Chief Executive Officer

GAYLIN HOLDINGS LIMITED
12 March 2015