

**GAYLIN HOLDINGS LIMITED**  
(Company Registration No. 201004068M)  
(Incorporated in Singapore)

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**PROPOSED SUBSCRIPTION FOR 1,360,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF  
GAYLIN HOLDINGS LIMITED**

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**1. INTRODUCTION**

The Board of Directors of Gaylin Holdings Limited (the “**Company**”) wishes to announce that the Company has today entered into a conditional placement agreement (the “**Placement Agreement**”) with PeakBayou Limited (the “**Investor**”), pursuant to which the Investor has agreed to subscribe for, and the Company has agreed to allot and issue to the Investor, an aggregate of 1,360,000,000 new ordinary shares in the capital of the Company (each a “**Subscription Share**”) at an issue price of S\$0.05 for each Subscription Share (the “**Issue Price**”), amounting to an aggregate consideration of S\$68,000,000, on the terms and subject to the conditions of the Placement Agreement (the “**Share Placement**”).

As at the date of this Announcement, the Company has an issued capital of 438,000,000 ordinary shares (“**Shares**”). Immediately following the completion of the Share Placement, the Company will have an enlarged issued and paid-up capital of 1,798,000,000 Shares. The Subscription Shares would represent approximately 75.64% of the issued Shares comprised in the enlarged share capital of the Company immediately after completion of the Share Placement.

**2. DETAILS OF THE SHARE PLACEMENT**

**2.1 Investor and Subscription Shares**

The Investor is a company incorporated with limited liability in the Cayman Islands. Its registered office is at P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. The Investor was introduced to the Company through business contacts of the Company and is subscribing for the Subscription Shares for investment purposes.

The Investor is ultimately wholly-owned by ShawKwei Asia Value Fund 2017, L.P., a closed-end private equity fund structured as a limited partnership organised and existing under the laws of the Cayman Islands, and managed by ShawKwei Investments LLC, its general partner. The Investor is an investment-holding company for the purpose of the Share Placement.

The Company did not appoint any placement agent for purposes of the Share Placement, and no commission, fee or other selling or promotional expenses is payable or incurred by the Company in connection with the Share Placement, other than those incurred for administrative or professional service.

The Investor is not related to any directors or substantial shareholders of the Company and do not fall within the category of persons listed in Rule 812(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

The Subscription Shares, when allotted and issued, shall rank *pari passu* with, and shall carry all rights similar to, the then existing issued ordinary shares of the Company, including without

limitation, any dividend, right, allotment or other distributions, the record date for which falls on or after the completion of the Share Placement.

## **2.2 Issue Price**

The Issue Price represents a discount of approximately 49.14% to the volume weighted average price of S\$0.0983 for trades done on the Shares of the Company on the SGX-ST for the full market day on 13 October 2017, being the last full market day on which the Shares were traded prior to the date of the Placement Agreement.

The Issue Price was arrived at following arm's length negotiations between the Company and the Investor.

## **2.3 Additional Listing Application**

The Share Placement will be undertaken by way of a private placement in accordance with Section 272B of the Securities and Futures Act, Chapter 289 of Singapore ("**SFA**"). As such, no prospectus or offer information statement will be lodged with the Monetary Authority of Singapore ("**MAS**") in connection with the issuance of the Subscription Shares.

The Company will be making an application to the SGX-ST for the listing of and quotation for the Subscription Shares on the Official List of the SGX-ST. The Company will make the necessary announcements once the approval in-principle of the listing and quotation of the Subscription Shares has been obtained from the SGX-ST.

## **2.4 Conditions Precedent**

Completion of the Share Placement is conditional upon the conditions precedent as set out in Appendix A having been fulfilled (or waived in accordance with the Placement Agreement).

If any of the conditions is not satisfied within six (6) months from the date of the Placement Agreement or such other date as the Company and the Investor may agree in writing, then the Investor shall not be bound to proceed with the subscription of the Subscription Shares.

## **2.5 Rationale and Use of Proceeds**

The Company intends to utilise the gross proceeds of approximately S\$68,000,000 from the Share Placement entirely for general working capital purposes and to strengthen the capital base of the Company.

## **2.6 Financial Effects**

As at the date of this Announcement, the issued and paid-up share capital of the Company is S\$52,563,000, comprising 438,000,000 Shares. On completion of the Share Placement, the issued and paid-up share capital of the Company will increase to S\$120,563,000 comprising 1,798,000,000 Shares.

Based on the unaudited consolidated financial statements of the Company and its subsidiaries ("**Group**", and "**Group Company**" shall mean any one of them) for the three-months ended 30 June 2017:

- (a) assuming the Share Placement was completed on 1 July 2017 with all the Subscription Shares being in issue during the period, the net loss per share of the Group after adjusting for the Subscription Shares will decrease from Singapore cents 0.47 to Singapore cents 0.12; and
- (b) assuming the Share Placement was completed on 30 June 2017, the consolidated net tangible asset per Share after adjusting for the Subscription Shares and the net proceeds of the Share Placement will decrease from Singapore cents 20.37 to Singapore cents 8.74.

### 3. **WHITEWASH WAIVER**

Under Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”), except with the consent of the Securities Industry Council (“**SIC**”), where (a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; or (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1% of the voting rights, such person must extend offers immediately to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares.

As disclosed in Section 1 above, the Investor and its concert parties will acquire more than 30% of the voting rights in the Company following completion of the Share Placement. As a result, the Investor and its concert parties would incur an obligation to make a mandatory offer under the Code, unless the relevant waivers under the Code are obtained. Accordingly, the Investor intends to make an application to the Securities Industry Council (“**SIC**”) for a waiver of the obligations of the Investor and its concert parties to make a mandatory offer for the Company under Rule 14 of the Code as a result of the allotment and issue of the Subscription Shares (“**Whitewash Waiver**”).

### 4. **EGM**

Pursuant to Rule 805(1) and Rule 811(1) of the Listing Manual of the SGX-ST, the allotment and issue of the Subscription Shares is subject to the approval of the shareholders of the Company (“**Shareholders**”) at an extraordinary general meeting of the Company (“**EGM**”) to be convened.

Additionally, the Share Placement will result in a transfer of controlling interest pursuant to Rule 803 of the Listing Manual of the SGX-ST (“**Proposed Transfer of Controlling Interest**”), for which specific Shareholders’ approval shall be sought. As such, Shareholders should note that following the allotment and issue of the Subscription Shares, the Investor will become a controlling shareholder of the Company.

A circular (the “**Circular**”) to the Shareholders in relation to the Share Placement, the Proposed Transfer of Controlling Interest and the proposed whitewash resolution in relation to the Whitewash Waiver (collectively, “**Proposed Transactions**”) and such other transactions in connection with and/or incidental to the Share Placement, together with notice of the EGM, will be despatched by the Company in due course.

## 5. DEED OF UNDERTAKING TO THE INVESTOR

In connection with the Share Placement, Keh Swee Investment Pte. Ltd. (“**Keh Swee**”), a 61.27% controlling shareholder of the Company, has pursuant to a deed of undertaking dated 23 October 2017 in favour of the Investor irrevocably undertaken to the Investor, that it shall, *inter alia*, maintain its interest in not less than 268,360,000 Shares and not dispose of, encumber or otherwise deal with the Shares controlled or held by it, until the issue of the Subscription Shares pursuant to the Share Placement and shall vote in favour of the resolutions to approve the Proposed Transactions (“**Placement and Whitewash Resolutions**”) proposed to be passed at the EGM to be convened for the purposes of considering, and if thought fit, approving the Placement and Whitewash Resolutions, in respect of all the voting rights attached to the Shares that it controls or holds as at the date of the EGM.

## 6. DEED OF UNDERTAKING TO THE COMPANY

In connection with the Share Placement, Keh Swee has pursuant to a deed of undertaking dated 23 October 2017 in favour of the Company irrevocably undertaken to the Company, that it shall take all action, procure or support any action to (a) restore the public float of the Company to the required 10% level under Rule 723 of the Listing Manual of the SGX-ST; and (b) ensure that the Company remains listed on the SGX-ST, in each case within a period of 3 months after completion of the Share Placement (or such longer period as the SGX-ST may agree), including without limitation selling any shares held by it in the capital of the Company on the market.

## 7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company have any interest, direct or indirect, in the Share Placement (other than through their respective direct or indirect shareholdings in the Company).

## 8. INDEPENDENT FINANCIAL ADVISER

An independent financial adviser (“**IFA**”) will be appointed to advise the Directors who are independent for the purposes of the Share Placement on whether the terms of the Share Placement are fair and reasonable. The IFA’s opinion will be included in the Circular.

**Shareholders of the Company and potential investors should note that the Share Placement is subject to the fulfilment of, *inter alia*, the conditions precedent set out in Section 2.4 above and Appendix A, and accordingly should exercise caution when trading in the shares of the Company. There is no certainty or assurance as at the date of this Announcement that the Share Placement will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Persons who are in doubt as to the action they should take should consult their financial, tax, legal or other professional advisers.**

By Order of the Board

Desmond Teo Bee Chiong  
Executive Director and Chief Executive Officer  
**GAYLIN HOLDINGS LIMITED**

23 October 2017

## **APPENDIX A CONDITIONS PRECEDENT**

Completion is conditional upon:

- (a) the Investor (at its own cost) having undertaken and completed its due diligence investigations (including operational, financial and legal matters) in relation to the Company and the Group, and the results of such due diligence investigations being satisfactory to the Investor in its sole and absolute discretion;
- (b) the Group Company having obtained written consent from the counterparties under the agreements to which it is a party for the change in its shareholders, on terms and conditions satisfactory to the Investor in its sole and absolute discretion;
- (c) the approval by the Shareholders for the Share Placement and of the Placement Agreement (and the transactions and matters contemplated thereunder, including the issue and allotment of the Subscription Shares);
- (d) the SIC's waiver of the obligations of the Investor and its concert parties (and such waiver not having been revoked or repealed) to make a mandatory general offer for the Company under Rule 14 of the Code, subject to (i) any conditions that the SIC may impose, provided that such conditions are reasonably acceptable to the Investor and its concert parties; and (ii) the independent shareholders of the Company approving a resolution to waive the obligation of the Investor to make a mandatory general offer under Rule 14 of the Code;
- (e) the approval by all regulatory authorities for the Share Placement (including the SGX-ST); and where such approval is subject to conditions, such conditions being satisfactory to the Investor in its sole and absolute discretion;
- (f) the Share Placement and the allotment, issue and placement of the Subscription Shares not being prohibited by any applicable statute, order, rule, regulation or directive or request (whether or not having the force of law) promulgated or issued after the date of the Placement Agreement by any legislative, executive or regulatory body or authority in Singapore, including the SGX-ST and the SIC;
- (g) the receipt of a listing and quotation notice from the SGX-ST (and such notice not having been revoked, rescinded or cancelled) for the admission to, quotation and dealing of the Subscription Shares on the Official List of the Mainboard of the SGX-ST; and if obtained on conditions, such conditions being acceptable to the Investor in its sole and absolute discretion; and to the extent that any such conditions are required to be fulfilled on or before the date of completion of the Share Placement, they are so fulfilled;
- (h) the Company complying with all legal and other requirements necessary for the Share Placement (including the Companies Act (Chapter 50 of Singapore), the Securities and Futures Act (Chapter 289 of Singapore) and the Listing Manual of the SGX ST) and the Company having performed in all material respects of its obligations under the Placement Agreement to be performed on or before the date of completion of the Share Placement;
- (i) there being no material adverse change (as reasonably determined by the Investor in good faith) in the business, operations, properties, prospects or financial condition of the Group as a whole;
- (j) the Company not being in material breach of any of its representations, warranties and undertakings contained in the Placement Agreement; and
- (k) the appointment of such persons as may be nominated by the Investor in its sole and absolute discretion onto the board of directors of the Company, such appointments taking effect upon completion of the Share Placement.