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

ENTRY INTO A SALE AND PURCHASE AGREEMENT IN RELATION TO THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF AMOS INTERNATIONAL HOLDINGS PTE. LTD.

1. INTRODUCTION

The board of directors (the "**Board**") of Gaylin Holdings Limited (the "**Company**", together with its subsidiaries, collectively the "**Group**") refers to its announcement dated 26 March 2018 in relation to a non-binding letter of intent entered into by the Company with Lighthouse Logistics Limited ("**Lighthouse**") and Danny Lien Chong Tuan ("**Danny Lien**") (Danny Lien, together with Lighthouse, the "**Vendors**") in respect of the proposed acquisition of the entire issued and paid-up share capital (the "**Relevant Shares**") of Amos International Holdings Pte. Ltd. (the "**Target Company**", together with its subsidiaries, the "**Target Group**") (the "**Proposed Acquisition**").

The Board wishes to announce that the Company had on 7 July 2018 entered into a sale and purchase agreement (the "**SPA**") with the Vendors in respect of the Proposed Acquisition.

The Proposed Acquisition constitutes an interested person transaction and a major transaction under Chapters 9 and 10 of the Listing Manual of the SGX-ST ("**Listing Manual**") respectively, and is subject to approval of the shareholders of the Company (the "**Shareholders**").

Following the completion of the Proposed Acquisition (the "**Completion**"), the Target Company will become a wholly-owned subsidiary of the Company.

2. INFORMATION ON THE TARGET GROUP AND THE VENDORS

2.1 The Target Group

The Target Company is an investment holding company incorporated in Singapore on 28 January 2010. As at the date of this announcement, the Target Company has an issued and paid-up capital of S$23,743,413 comprising 8,422,555 ordinary shares.

The Target Group comprises the Target Company and the following subsidiaries: Amos International (Shanghai) Co., Ltd, Amos International (S) Pte. Ltd., Amos Asia Pte. Ltd., Amos Offshore and Engineering Pte. Ltd., GO Logistics Services Pte. Ltd., Amos International (HK) Limited, Amos Solutions (S) Pte. Ltd., Amos Myanmar Services Company Limited, Amos International Lanka (Private) Limited, Amos International (M) Sdn Bhd, and World Hand Shipping Limited.

The Target Group is principally engaged in marine and offshore services, in particular, the provision of supplies, services and logistic solutions to the maritime fleet and offshore oil and gas operators, and has operations in Singapore, Shanghai and Hong Kong. Through a single point of contact, customers of the Target Group have access to an international network of over 2,500 validated partners and suppliers.

2.2 The Vendors

The Vendors collectively hold 8,169,757 ordinary shares in the Target Company (the "**Vendor Shares**"), representing 97% of the total issued and paid-up ordinary share capital of the Target Company as at the date of this announcement. The Vendor Shares are held by the Vendors in the following proportions: 2,320,921 ordinary shares (27.56%) are held by Danny Lien; and 5,848,836 ordinary shares (69.44%) are held by Lighthouse.

Danny Lien is the founder and managing director of Amos International Holdings Pte. Ltd.

Lighthouse is a company incorporated in the British Virgin Islands, indirectly wholly-owned by the ShawKwei Group[1]. Kyle Arnold Shaw, Jr. is the chairman of the Target Company.

PeakBayou Ltd (which owns 75.64% of the Company) is indirectly wholly-owned by the ShawKwei Group. The ShawKwei Group is under the control of Kyle Arnold Shaw, Jr., who is also a Director and the Executive Chairman of the Company.

Accordingly, the Proposed Acquisition between the Company as the Entity at Risk, and Lighthouse as an "interested person" would constitute an "interested person transaction" for the purpose of Chapter 9 of the Listing Manual.

The information on the Target Company and the Vendors in this paragraph 2 was provided by the Vendors and has been extracted and reproduced herein. In respect of such information, the Company has not independently verified the accuracy and correctness of the same.

3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

3.1 The Sale and Purchase Agreement

The Company and the Vendors have agreed to the sale and purchase of the Vendor Shares on the terms and subject to the conditions set out in the SPA, under which the Company shall purchase, and the Vendors shall sell their respective proportion of the Vendor Shares. In addition, Lighthouse shall procure the sale to the Company of the Relevant Shares (other than the Vendor Shares) (such shares, the "**Remaining Shares**").

In order for the Company to acquire the entire issued and paid-up share capital of the Target Company, Lighthouse will, pursuant to the terms of the SPA, exercise its drag-along rights conferred upon it by the constitution of the Target Company to require the registered holders of all the Remaining Shares to sell and transfer all their respective Remaining Shares to the Company, in each case in accordance with the provisions of the aforesaid constitution.

3.2 Consideration

The total consideration payable by the Company to the shareholders of the Target Company holding 8,422,555 Vendor Shares and Remaining Shares (as at the date of the SPA) shall be

[1] Being ShawKwei Investments LLC, Shaw Kwei & Partners Ltd., Asian Value Investment Fund 3, L.P., ShawKwei Asia Value Fund 2017, L.P. and / or any other affiliated entities under the common control of Kyle Arnold Shaw, Jr.

S$48,614,987 (the "**Consideration**") on the basis that the price of each Relevant Share is S$5.772 (the "**Relevant Share Price**"). The Consideration is derived based on the Target Company's unaudited consolidated net asset value as of 31 May 2018 plus the market value[2] of a property located at 156 Gul Circle, Singapore 629613 owned by Amos International (S) Pte. Ltd., a wholly-owned subsidiary of the Target Company. The Target Company's unaudited consolidated net asset value as of 31 May 2018 is S$27,937,565.

The Consideration shall be satisfied by the Company by the issuance and allotment of new ordinary shares in the capital of the Company to be allotted and issued by the Company at an issue price of S$0.060 for each new share (rounded up to the nearest whole number) (the "**Consideration Shares**"), credited as fully paid up and ranking *pari passu* in all respects with all the other then existing ordinary shares of the Company. The consideration of S$48,614,987 is determined on a willing-buyer and willing-seller basis as at the date of the SPA, and will be adjusted (i) for any increases in the Target Company's unaudited consolidated net asset value as at the completion date (provided always that, the absolute amount of any such increase shall not exceed 1.5% of the Target Company's unaudited consolidated net asset value as of 31 May 2018) (the "**NAV Adjustment**"); and (ii) as set out in paragraph 3.3 of this Announcement.

3.3 **Adjustment to Consideration**

As at the date of this announcement, there are 480,000 existing employee options (the "**Employee Options**") granted by the Target Company pursuant to a share option plan, each aforesaid option being exercisable in exchange for one (1) restricted share ("**Restricted Share**") in the share capital of the Target Company. In the event that any of the Employee Options are validly exercised pursuant to which the Target Company allots and issues the resulting number of Restricted Shares before 5 p.m. five (5) business days prior to the date of Completion, then Lighthouse shall procure the sale of the Restricted Shares to the Company, and the Company shall purchase those Restricted Shares from the registered holders thereof at the same Relevant Share Price. The total Consideration shall be increased by an amount equal to the following equation (the "**Option Share Consideration**"):

Option Share Consideration	=	(Number of Restricted Shares as at 5p.m. five (5) business days prior to the date of Completion)	X	The Relevant Share Price, being S$5.772

For the avoidance of doubt, the Option Share Consideration amount shall not exceed S$2,770,560.

The Company will purchase the Restricted Shares for the Option Share Consideration, to be satisfied by the Company by the issuance and allotment of Consideration Shares (rounded up to the nearest whole number), credited as fully paid up and ranking *pari passu* in all respects with all the other then existing ordinary shares in the capital of the Company. For the avoidance of doubt, the number of Consideration Shares to be issued and allotted by the Company to satisfy the Option Share Consideration shall not exceed 46,176,000 Consideration Shares.

[2] Determined based on a valuation report issued by Colliers International Consultancy & Valuation (Singapore) Pte Ltd dated 12 June 2018 (the "**Valuation Report**").

For illustrative purposes, the number of Consideration Shares which the Company will issue pursuant to the NAV Adjustment and the Option Share Consideration is set out below:

Adjustments	**Consideration**	**Consideration Shares**
Assuming no NAV Adjustment and no acquisition of Restricted Shares	S$48,614,987	810,249,784
Assuming full NAV Adjustment and no acquisition of Restricted Shares	S$49,034,050	817,234,176
Assuming no NAV Adjustment and the acquisition of all 480,000 Restricted Shares	S$51,385,547	856,425,784
Assuming full NAV Adjustment and the acquisition of all 480,000 Restricted Shares	S$51,804,611	863,410,176

3.4 **Source of Funds**

The Consideration will be satisfied by the issue and allotment of up to 863,410,176 Consideration Shares.

3.5 **Sale Conditions**

Completion is conditional upon, *inter alia*, the following matters (the "**Sale Conditions**") being fulfilled or done on or prior to Completion or waived by the Company (as applicable):

(a) the satisfactory completion of a legal, financial and business due diligence review by the Company in respect of the operations, business, management and affairs of the Target Group (including the resolution of all issues relating to the Target Group on terms satisfactory to the Company);

(b) there having been no material adverse change (as determined by the Company) in respect of:-

(i) the prospects, operations and/or financial condition of the Target Group (or any member thereof); and

(ii) the economic, political and investment environment in Singapore and/or the other countries in which the Target Group carries on business;

(c) the Company having obtained the approval of its Board and/or the Shareholders at an extraordinary general meeting to be convened for, as may be necessary, the Company's entry into the SPA and the transactions contemplated therein, including but not limited to the sale and purchase of the Relevant Shares and the issue and allotment of the Consideration Shares, and such approval(s) remaining valid and in full force and effect and not having been withdrawn or revoked as at Completion.

If any of the Sale Conditions are not fulfilled (or waived by the Company (as applicable)) by 30 October 2018 (or such other date as the parties to the SPA may agree), the SPA shall *ipso facto* cease and determine (save for certain specified clauses) and none of the parties to the SPA shall have any claim against the others for costs, damages, compensation or otherwise save for any claim by a party against any other party for a breach of its undertaking to use its best endeavours to ensure the satisfaction of the Sale Conditions.

3.6 **Limitation of Liability**

The liability of the Vendors in respect of:

(a) all claims under the warranties relating to the ownership, title and rights to the Vendor Shares shall not exceed 100% of the amount of the Consideration, such liability being in proportion to the value of the Consideration Shares received by each Vendor respectively; and

(b) all other claims made under the SPA shall not exceed 50% of the amount of the Consideration, such liability being in proportion to the value of the Consideration Shares received by each Vendor respectively,

provided always that the aggregate liability of the Vendors for all claims made against them under the SPA shall not in any case exceed 100% of the amount of the Consideration.

No Vendor shall be liable to the Company in respect of any claim unless (i) notice of a claim is given by the Company to the Vendors within 12 months from the date of Completion (and if such claim is capable of remedy and is not remedied to the reasonable satisfaction of the Company within 30 days of receipt of such notice by the Vendors); (ii) the aggregate liability for all claims exceeds S$50,000, in which case such Vendor shall be liable for the entire amount and not merely the excess, and in calculating liability for such claims, any claim which is less than S$25,000 (excluding interest, costs and expenses) shall be disregarded and any number of claims arising out of the same or similar subject matter, facts, events or circumstances shall be aggregated and form a single claim.

4. THE PROPOSED ALLOTMENT AND ISSUANCE OF CONSIDERATION SHARES

4.1 **The Proposed Allotment**

Rule 805(1) of the Listing Manual provides that an issuer must obtain the prior approval of shareholders in general meeting for the issuance of shares unless such issuance is being made pursuant to a general mandate obtained from shareholders.

The Consideration shall be satisfied by the issue and allotment of up to 863,410,176 Consideration Shares to the holders of the Relevant Shares (the "**Proposed Allotment**"), representing up to 48.02% of the existing share capital of the Company as of the date of this announcement, and up to 32.44% of the enlarged share capital of the Company following the completion of the Proposed Allotment. The Company will seek the approval of Shareholders for the Proposed Allotment at an extraordinary general meeting (the "**EGM**").

4.2 **The Issuance of Consideration Shares**

The issue price of S$0.060 for each Consideration Share was determined based on a premium of 20% over the volume weighted average price of S$0.050 per ordinary share for transactions over the period from 23 October 2017 to 15 May 2018.

4.3 **Additional Listing Application**

The Company will be submitting an application to the SGX-ST for the listing and quotation of the Consideration Shares on the SGX-ST in due course. The Company will make the relevant announcement upon receipt of the listing and quotation notice from the SGX-ST.

5. INTERESTED PERSON TRANSACTION

5.1 **Details of the Interested Person**

As at the date of this announcement, Kyle Arnold Shaw, Jr. is the Executive Chairman and a Director of the Company.

Lighthouse holds 69.44% of the Target Company and is indirectly wholly-owned by the ShawKwei Group. PeakBayou Ltd (which owns 75.64% of the Company) is indirectly wholly-owned by the ShawKwei Group. The ShawKwei Group is under the control of Kyle Arnold Shaw, Jr., who is also a Director and the Executive Chairman of the Company.

Kyle Arnold Shaw, Jr. is also the chairman of the Target Company. Therefore, Lighthouse is regarded as an "interested person" within the meaning of Chapter 9 of the Listing Manual as Lighthouse is an associate of Kyle Arnold Shaw, Jr.

5.2 **Interested Person Transaction**

Under Chapter 9 of the Listing Manual, the approval of Shareholders is required for an interested person transaction of a value equal to, or exceeding 5% of the Group's latest audited net tangible assets ("**NTA**").

Based on the Group's audited consolidated financial statements for FY2018, the Group's audited NTA is S$109,396,427. The value of the Proposed Acquisition, being the amount at risk to the Company, is up to S$51,804,611. The aggregate value of the Proposed Acquisition against the Group's audited NTA is 47.35%, which exceeds 5.0% of the Group's audited NTA for FY2018. Accordingly, the Proposed Acquisition is an interested person transaction and the Company will seek the approval of Shareholders pursuant to Rule 906(1)(a) of the Listing Manual at the EGM.

5.3 **Independent Financial Adviser**

The Company has appointed KPMG Corporate Finance Pte. Ltd. as the independent financial adviser to provide an opinion on whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders (the "**IFA Opinion**"). The Audit Committee of the Board will be obtaining the IFA Opinion before forming its view on the Proposed Acquisition. A copy of the IFA Opinion will be included in the circular to be despatched to Shareholders in due course.

6. RATIONALE

The Board views the Proposed Acquisition as an opportunity for the Group to improve its financial strength and business capabilities by acquiring a well-established and profitable business with complementary products and capabilities. The Proposed Acquisition has significant asset value, relatively low debt, and the new equity issuance will reduce overall debt leverage. In addition, the Proposed Acquisition will bring in new customers, new products, and expand the Group's geographic scope. The Proposed Acquisition will enable the Group to strengthen its current market position, improve financial strength, and achieve its corporate objectives in the following areas:

Expand its customer base and product range

The Group's customer base are largely companies involved in offshore oil and gas services, whereas the Target Group's customer base are largely maritime vessel owners. It is expected that following completion of the Proposed Acquisition, the Group will be able to benefit from cross-selling opportunities across product lines, with the Group also being able to access and deepen the Target Group's connections.

The Target Group has developed the proprietary product line Alcona. Under the Alcona brand, the Target Group offers a complete range of products including consumable essentials, crew gear (e.g. coveralls, clothing, footwear), and personal protective equipment at competitive pricing for working men and women on ships and in the offshore oil and gas industry at sea. The Proposed Acquisition is expected to allow the Group to distribute Alcona products to a wider customer base, including the Group's offshore oil and gas customers.

Expand geographical coverage of existing product and service

The Group has existing chandelling businesses in Singapore (through its wholly-owned subsidiary, Allseas Marine Services Pte. Ltd.) and South Korea (through its majority owned subsidiary, Phoenix Offshore Co., Ltd.). The Target Group is headquartered in Singapore with wholly-owned chandelling businesses in Shanghai and Hong Kong, with all three operating in the world's busiest ports. Following completion of the Proposed Acquisition, the Group's existing chandelling business will benefit by expansion in Singapore and the extension of its geographical reach to Hong Kong and Shanghai. In addition, the expanded capabilities and base of business in chandelling is expected to provide opportunities to expand in other existing Group locations after further business plan development and approval.

Scale and Financial Synergies

The Group expects the Proposed Acquisition to lead to improvements in its revenue, equity value, and debt leverage ratios, as well as better economies of scale.

Asset efficiencies and right-sizing

After completion of the Proposed Acquisition, the Group will look to rationalise its asset holdings to gain better efficiencies and to improve its cash flow position.

Operational Enhancements

The Group expects to benefit from operational enhancements, including but not limited to a better utilized workforce, consolidated enterprise infrastructure, such as accounting and IT systems, and the ability to better attract and retain talent resulting from the creation of a bigger business.

7. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

7.1 Assumptions

The pro forma financial effects of the Proposed Acquisition and the Proposed Allotment (the "**Proposed Transaction**") on the Group have been prepared based on the figures derived from the Group's audited consolidated financial statements for FY2018 and are purely for illustration purposes only and do not reflect the actual future results and financial position of the Group following the completion of the Proposed Transaction.

7.2 NTA

For illustrative purposes and assuming the Proposed Transaction had been completed on 31 March 2018, the pro forma financial effects on the consolidated NTA for FY2018 are as follows:

	Before the Proposed Transaction	**After the Proposed Transaction**
NTA (S$)	109,396,427	137,333,992(1) / 158,009,488(2)
Number of Shares	1,798,000,000	2,661,410,176
NTA per Share (S$)	0.06	0.05(1) / 0.06(2)

Notes:

(1) Based on the NTA of the Target Group as at 31 May 2018 (based on the consolidated financial statements of the Target Group for the financial period from 1 January 2018 to 31 May 2018, as reviewed by the Target Company's auditors, BDO LLP (the "**Reviewed Target Group Financial Statements**")), before a revaluation gain of S$20,675,496 in relation to the property at 156 Gul Circle, Singapore 629613 (based on the Valuation Report).

(2) Based on the NTA of the Target Group as at 31 May 2018 (based on the Reviewed Target Group Financial Statements), assuming a revaluation gain of S$20,675,496 in relation to the property at 156 Gul Circle, Singapore 629613 (based on the Valuation Report).

7.3 **Effects on earnings per share**

For illustrative purposes and assuming the Proposed Transaction had been completed on 1 April 2017, the pro forma financial effects on the Loss per Share of the Group for FY2018 are as follows[(1)]:

	Before the Proposed Transaction	**After the Proposed Transaction**
Net loss attributable to Shareholders after tax (S$)	51,574,641	52,214,101
Number of weighted average Shares	508,794,521	1,372,204,697
Loss per Share (S$)	0.10	0.04

Note:

(1) Based on the trailing twelve months unaudited consolidated financial statements of the Target Group for the period from 1 June 2017 to 31 May 2018, of which the financial statements for the five-month period from 1 January 2018 to 31 May 2018 have been reviewed by the Target Company's auditors, BDO LLP.

7.4 **Share Capital**

For illustrative purposes and assuming the Proposed Transaction had been completed on 31 March 2018, the effect of the Proposed Transaction on the share capital of the Company for FY2018 are as follows:

	Before the Proposed Transaction	**After the Proposed Transaction**
Total number of Shares (excluding treasury shares)	1,798,000,000	2,661,410,176
Total issued and paid-up capital	118,339,777	170,144,388

8. SHAREHOLDERS' APPROVAL

The relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST are as follows:

Rule 1006	**Bases**	**Size of Relative Figures (%)**
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable
(b)	Net loss before tax attributable to the Relevant Shares acquired, compared with the Group's net loss before tax and minority interests	1.61[(1)]

(c)	The aggregate value of the consideration given for the Relevant Shares, compared with the Company's market capitalization based on the total number of issued shares excluding treasury shares	36.02(2)
(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	48.02(3)
(e)	The aggregate volume or amount of proved and probable reserved 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

Notes:

(1) Based on the net loss before tax of the Target Group for the 12-month period ended 31 May 2018 of S$823,336 and the net loss before tax for the Group for the financial year ended 31 March 2018 of S$51,282,000.

(2) Based on the aggregate value of up to 863,410,176 Consideration Shares and the issued share capital of the Company of 1,798,000,000 Shares and the weighted average price of S$0.080 transacted on the Mainboard of the SGX-ST on 6 July 2018, being the last market day preceding the date of the SPA on which trades were done on the SGX-ST.

(3) Based on up to 863,410,176 Consideration Shares to be issued and allotted by the Company in satisfaction of the Consideration.

As the relative figures on the base set out in Rules 1006(c) and 1006(d) exceed 20%, the Proposed Acquisition constitutes a major transaction as defined in Chapter 10 of the Listing Manual and the Company will seek the approval of Shareholders pursuant to Rule 1014(2) of the Listing Manual at the EGM.

9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in paragraphs 2 and 5 of this announcement, none of the Directors or substantial Shareholders of the Company has any direct or indirect interest in the Proposed Transaction other than through their respective shareholdings in the Company.

10. DIRECTORS' SERVICE CONTRACTS

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

11. EXTRAORDINARY GENERAL MEETING

A circular containing further information on the Proposed Transaction, together with the notice of EGM, will be despatched to the Shareholders in due course.

12. DOCUMENTS FOR INSPECTION

A copy of the SPA and Valuation Report are available for inspection during normal business hours at the registered office of the Company at 7 Gul Avenue, Singapore 629651 for a period of 3 months from the date of this announcement.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Transaction, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

BY ORDER OF THE BOARD

Kyle Arnold Shaw, Jr.
Executive Chairman
GAYLIN HOLDINGS LIMITED

9 July 2018