

PROPOSED ACQUISITION OF 51% OF THE EQUITY INTEREST IN RIG MARINE HOLDINGS FZC - ENTRY INTO OF AN AMENDED AND RESTATED SALE AND PURCHASE AGREEMENT AND LOAN AGREEMENT

Capitalised terms used herein shall have the definitions ascribed to them in the Company's announcement dated 12 November 2013, unless otherwise stated or the context otherwise requires.

1. AMENDED AND RESTATED SALE AND PURCHASE AGREEMENT

The Board of Directors of Gaylin Holdings Limited (the "**Company**") refers to the Company's announcement dated 12 November 2013 in respect of the Proposed Acquisition ("**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**").

Under the terms of the Agreement, the Target was to acquire the four entities ("**Subsidiaries**"), namely, Rigmarine Kazakhstan LLP, Rigmarine Europe Ltd, Rigmarine Azerbaijan LLC, and Rigmarine FZE. The Agreement further provided that the Target and its Subsidiaries would, upon completion ("**Completion**") of the Proposed Acquisition, not have any liabilities owing to the Vendors, whether arising from the acquisition of the Subsidiaries or howsoever arising.

Since the entry of the Agreement, the Company has been notified by the Vendors that the Target, as at Completion, would owe certain debts to the Vendors arising from the cost to the Target of acquiring the Subsidiaries and certain other debts due to the Vendors. The actual debt amount ("**Debt Amount**") would be determined prior to Completion. As at 10 February 2014, the Debt Amount stood at approximately US\$1.5 million.

To facilitate the acquisition by the Target of the Subsidiaries, the Company has therefore, on 19 February 2014, entered into an Amended and Restated Agreement ("**Revised SPA**") taking effect from 12 November 2013, restating the terms of the Agreement.

Under the terms of the Agreement, the consideration ("**Consideration**") for the sale and purchase of the Sale Shares is the aggregate amount of 0.51 multiplied by 6 multiplied by 2012 ANPAT subject to the adjustments made pursuant to the Agreement.

Under the terms of the Revised SPA, the nominal consideration ("**Nominal Consideration**") for the sale and purchase of the Sale Shares will be the Consideration less 51% of the Debt Amount. In addition, the Revised SPA notes that as part of the Proposed Acquisition, the Purchaser will grant a loan in an amount of 51% of the Debt Amount to the Target, which will be used to partially discharge the Debt Amount. The terms of the loan will be documented in a loan agreement ("**Loan Agreement**") to be entered into prior to Completion. Please see below for further details of the proposed Loan Agreement.

The Revised SPA further provides for a change in the relative proportion of Sale Shares to be sold by the Vendors, from 60% of the Sale Shares and 40% of the Sale Shares to 58.8% and 41.2% for the First Vendor and Second Vendor respectively.

The Revised SPA further provides that the Option Consideration shall upon exercise of the Call Option or Put Option be set based on the following formula:

- For the First Vendor's Option Shares – (0.30 multiplied by 6 multiplied by the ANPAT for the most recently completed financial period 1 January to 31 December) and further deducting 0.30 multiplied the outstanding Debt Amount as at completion of the sale and purchase of the Call Option or Put Option.
- For the Second Vendor's Option Shares – (0.19 multiplied by 6 multiplied by the ANPAT for the most recently completed financial period 1 January to 31 December) and further deducting 0.19

multiplied the outstanding Debt Amount as at completion of the sale and purchase of the Call Option or Put Option.

The Revised SPA provides that for purposes of the transaction, the effective consideration shall be regarded the same as the initial Consideration. Accordingly, there will be no change to the bases of computation under Rule 1006 of the Listing Manual. The number of Gaylin Shares in the Company to be issued pursuant to the Revised SPA will be the same as that under the Agreement.

The Revised SPA also provides for a change in the Long Stop Date to 31 March 2014 as may be extended by the Purchaser to 15 April 2015 subject to conditions.

2. THE LOAN AGREEMENT

Prior to Completion, the Purchaser will, with the Vendors and the Target, enter into a Loan Agreement. The key terms of the Loan Agreement will be as follows:

- (a) The Vendors will, upon and subject to Completion, grant an interest free loan ("**Vendors Loan**") amounting to 49% of the Debt Amount to the Target which shall be applied entirely by the Target towards payments to the Vendors of the amount owed by the Target to the Vendors for acquisition of the Subsidiaries.
- (b) The Purchaser will, upon and subject to Completion and subject to the fulfilment of the conditions precedents below, grant an interest free loan ("**Purchaser Loan**") amounting to 51% of the Debt Amount to the Target at the same time as the Completion Tranche payment under the Revised SPA. The Vendors agree that this amount shall be applied entirely by the Target towards payments to the Vendors of the amount owed by the Target to the Vendors for acquisition of the Subsidiaries.
- (c) Both the Vendors Loan and Purchaser Loan shall be repaid by the Target to each of Vendors and the Purchaser (each a "**Lender**", collectively "**Lenders**") (as the case may be) from such amount that is equivalent for the Lender to the percentage shareholding held by the Lender as at the date of payment multiplied by a minimum of 30.0 per cent of the ANPAT of each financial period, to be paid within 6 months after the issuance of the audit report for such financial period. The first such payment shall be in respect of the ANPAT for the financial period ending 31 March 2014. Pending such repayment, the Lender shall forbear from making any claims against the Target for repayment of loan granted under the Loan Agreement. However, the Purchaser may demand that the Purchaser Loan becomes immediately due and payable in the event of any breach by any of the Vendors of the terms of the Revised SPA, if such breach has not been remedied within 30 days of written notice by the Purchaser to the Vendors.

3. DOCUMENTS FOR INSPECTION

Shareholders should note that a copy of the Revised SPA 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

19 February 2014

CIMB Bank Berhad, Singapore Branch was the Issue Manager for the initial public offering and the listing of the Company's shares on the Main Board of the SGX-ST. The Issue Manager assumes no responsibility for the contents of this announcement.