

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

**LV YANG (TIANJIN) OFFSHORE EQUIPMENT CO. LTD (绿洋(天津)油田设备有限公司) –
LEGAL ACTION AGAINST LENN INC AND LOI PENG SOON IN RELATION TO PROFIT
GUARANTEE**

The board of directors (“**Directors**”) of Gaylin Holdings Limited (the “**Company**”) refers to its announcements dated 19 March 2013, 2 July 2013 and 31 July 2013 relating to the acquisition by the Company’s subsidiary, Lv Yang (Tianjin) Offshore Equipment Pte Ltd (the “**Purchaser**”), of the entire equity interest and registered capital in Lv Yang (Tianjin) Offshore Equipment Co. Ltd (绿洋(天津)油田设备有限公司) from Lenn Inc (the “**Vendor**”).

Under the terms of the framework agreement (the “**Framework Agreement**”) entered into by the Purchaser on 19 March 2013 with the Vendor and Loi Peng Soon (the “**Covenantor**”) in connection with the acquisition (as subsequently amended, supplemented and varied by supplemental deeds dated 3 April 2013 and 2 July 2013 respectively), the Vendor had, *inter alia*, represented and undertaken to the Purchaser that an audited net profit milestone of at least (i) S\$1,400,000 in respect of the 12 months financial period commencing on 1 July 2013 and ending on 30 June 2014 (the “**First Earnout Period**”) and (ii) S\$1,775,000 in respect of the 12 months financial period commencing on 1 July 2014 and ending on 30 June 2015 (the “**Second Earnout Period**”) respectively would be achieved by the Purchaser and its subsidiaries (the “**Profit Guarantee**”). The Framework Agreement further provided that if the Profit Guarantee in respect of the First Earnout Period or the Second Earnout Period is not achieved, the Vendor would be required to make respective default payments to the Purchaser.

As security for the Vendor’s obligations under such Profit Guarantee, the Covenantor had also entered into a deed of guarantee and indemnity (the “**Guarantee and Indemnity**”) in favour of the Purchaser to guarantee the performance by the Vendor of its obligations in relation to the Profit Guarantee.

The Board wishes to update shareholders that the Profit Guarantee in respect of the First Earnout Period was not achieved, and that the Purchaser has commenced legal action against the Vendor and the Covenantor to enforce its rights under the Framework Agreement and the Guarantee and Indemnity.

The Company will announce any material developments in relation to the above.

By Order of the Board

Desmond Teo Bee Chiong
Executive Director and Chief Executive Officer

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12 February 2015