

PROPOSED ACQUISITION OF 100% OF THE EQUITY INTEREST IN RIG MARINE HOLDINGS FZC - SUPPLEMENTAL AGREEMENT TO THE FURTHER AMENDED AND RESTATED SALE AND PURCHASE AGREEMENT

Capitalised terms used herein shall have the definitions ascribed to them in Announcements (as defined herein), unless stated or the context otherwise requires.

A. INTRODUCTION

The Board of Directors of Gaylin Holdings Limited refers to the Company's announcements dated 12 November 2013, 19 February 2014, 21 April 2014, 13 June 2014, 12 March 2015 and 20 April 2015 (collectively, the "**Announcements**") in respect of the proposed acquisition of 100% of the equity interest in Rig Marine Holdings FZC ("**Rig Marine**") by Gaylin Asia Pte. Ltd. pursuant to the terms of the conditional sale and purchase agreement dated 12 November 2013, as restated by the Amended and Restated Agreement entered into on 19 February 2014 and took effect from 12 November 2013, and the Further Revised SPA entered into 12 March 2015 which took effect from 12 November 2013.

Under the terms of the Further Revised SPA, the Vendors would need to meet Two-Year ANPAT Target for FP2015 and FP2016 to the Purchaser. If the aggregate of the FP2015 ANPAT and the FP2016 ANPAT falls below the Two-Year ANPAT Target, the Vendors shall severally pay to the Purchaser the amount of 6 multiplied by the difference between the Two-Year ANPAT Target and aggregate of the FP2015 ANPAT and FP2016 ANPAT. The net profit after tax on the Further Revised SPA shall be prepared on an audited consolidated basis.

Based on the unaudited financial results of Rig Marine and its subsidiaries as at 30 June 2016, the Vendors were not able to meet the Two-Year ANPAT Target as stated in the Further Revised SPA. Accordingly, the Purchaser has negotiated with the Vendors in respect of the claims on the Two-Year ANPAT Target based on the following rationale:

- (a) The global market has been affected by the overall performance of the oil and gas ("**O&G**") sector for FP2015 and FP2016 which also affected the results of the Company and Rig Marine;
- (b) Rig Marine's overall contributions to the Company has improved in terms of sales from rental and installation services as well as expansion of its presence and operations in United Kingdom; and
- (c) As a result of the above, the Group has received several new orders which were crystallised in the third quarter of 2016 and will continue on in 2017 based on the current order book of Rig Marine.

B. SUPPLEMENTAL AGREEMENT

After due consideration of the above, the Board wishes to announce that the Purchaser has extended the period contemplated under the Further Revised SPA for an additional one (1) year to allow the Vendors to achieve the profit targets. A supplemental agreement has been entered into between the Purchaser, Rig Marine and the Vendors (collectively, the "**Parties**"), on 13 April 2017 ("**Supplemental Agreement**") and the following salient terms and conditions stated in the Supplemental Agreement are as below:

1. Definition of "ANPAT"

The definition of ANPAT shall be revised to exclude any extra-ordinary or exceptional items beyond the control of the Vendors such as the effect from the one-time devaluation of the Azerbaijan Manat in December 2015 for the ANPAT of FP2016.

2. Consideration Adjustment

The Supplemental Agreement also revised the consideration adjustment as such:

- (a) if after the issue of the audit report ("**Third Audit Report**") of the Rig Marine and its subsidiaries prepared by the Accounts for one (1) year period from 1 July 2016 to 30 June 2017 ("**FP2017**"), the aggregate of the FP2015 ANPAT and FP2016 ANPAT and FP2017 ANPAT is less than 230% of the Target ANPAT ("**Three-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 from Three-Year ANPAT Target, such payment to be in the first instance set off against the Second Subsequent Tranche; and if insufficient, against the First Subsequent Tranche 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 and any other amount due by the Group to the Vendors.
- (b) If the aggregate of FP2015 ANPAT and FP2016 ANPAT and FP2017 ANPAT is greater than the Three-Year ANPAT Target, the Vendors agree to release the Purchaser from its obligation to pay any further consideration, including the First Subsequent Tranche and Second Subsequent Tranche.

3. Cap on the Purchaser's Payment Obligations

The Supplemental Agreement also agreed on a cap on the remaining payments obligations of the Purchaser such that subject to the aggregate of FP2015 ANPAT, FP2016 ANPAT and FP2017 ANPAT being at least 230% of the Target ANPAT, except such amounts as may be determined by the Purchaser in its discretion not to exceed the aggregate of US\$2,340,703 ("**First Subsequent Tranche**") and US\$5,884,710 ("**Second Subsequent Tranche**") and any unpaid Debt due by the Group to the Vendors, no further payments need to be made by the Purchaser in consideration of the extension of the period to achieve the profit targets.

4. No Obligation to Pay

In consideration for the entry into by the Purchaser of the Supplement Agreement and the extension of time to achieve the profit targets, the Vendors have agreed that the Purchaser shall be entitled to decline and not pay, in its sole and absolute discretion, any part of the consideration or any amounts however arising due at any time by the Purchaser to the Vendors under or in connection with the Further Revised SPA, or any amounts due by the Purchaser or its subsidiaries howsoever arising to the Vendors.

C. OTHER INFORMATION

Save as amended by the Supplemental Agreement, all other terms and conditions of the Further Revised SPA are to continue in full force and effect.

The entry into the Supplemental Agreement for the Group is not expected to have any material impact on the financial position of the Group for the current financial year ending 31 March 2018.

D. DOCUMENTS AVAILABLE FOR INSPECTION

Shareholders should note that a copy of the Supplemental 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

13 April 2017