



Trusted For Lifting & Rigging

GAYLIN HOLDINGS LIMITED

Extraordinary General Meeting

7 March 2018

Overview



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Proposed Share Placement

- Subscription Shares: 1,360,000,000 new ordinary shares
 - 75.64% of the enlarged issued and paid-up share capital Gaylin post-subscription
- Issue Price: S\$0.05 per share
 - Approximately 49.14% discount to the VWAP of S\$0.0983 for trades done on 13 October 2017
- Aggregate consideration: S\$68 million
- Subject to conditions precedent including among others, the Proposed Whitewash Resolution

About the Investor



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- The Investor is ultimately wholly-owned by ShawKwei Asia Value Fund 2017, L.P. (“**SKAVF**”), a closed-end private equity fund structured as a limited partnership organised and existing under the laws of the Cayman Islands.
- SKAVF is managed by ShawKwei Investments LLC (“**SKIL**”), its general partner.
- SKIL is a fund management firm incorporated as a limited liability exempted company in the Cayman Islands, which specialises in private equity investments in businesses operating in Asia with a focus on manufacturing and service industries.

Impact of the weak O&G Industry

Operating Environment

- Fall in oil prices resulting in reduced levels of activities in the exploration, development and production of oil and gas (“O&G”) in the global offshore O&G industry.
- Depressed demand from customers.
- Depressed selling prices due to strong competitive pressure within the industry.
- While the O&G industry has shown some signs of rebalancing, the market conditions remain challenging.

Impact on the Group’s financial performance

| S\$’m | FY2015 31 Mar 2015 | FY2016 31 Mar 2016 | FY2017 31 Mar 2017 | HY2017 30 Sep 2016 | HY2018 30 Sep 2017 |
|------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Revenue | 109.9 | 93.9 | 79.7 | 39.0 | 37.5 |
| Net profit/(loss) attributable to shareholders | 7.4 | 1.3 | (11.4) | (3.1) | (4.5) |
| Cash and cash equivalents | 6.3 | 4.3 | 6.6 | 5.3 | 2.8 |

Rationale



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1. To strengthen the Group's cash position and the Company's capital base
2. To improve the Group's balance sheet and to place the Group in a better position to meet the continued challenging O&G environment ahead
3. To provide an opportunity for Shareholders to benefit from the potential rehabilitation of the Group

Some salient points noted by the IFA



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- The Independent Financial Advisor (“IFA”) is Tata Capital Markets Pte. Ltd.
- 85.8% of the Group’s current assets as at 30 September 2017 comprised inventories and there may be **uncertainty on the actual realisation of these inventories** which is dependent on external factors such as the market environment and customer demands. Excluding its inventories, the Group would have been in a net current liability position of approximately \$40.3 million as at 30 September 2017;
- The discount on Issue Price ... is **within the range** of premia/discounts of the issue prices to the last transacted prices for the Selected Whitewash Companies, albeit being higher than the mean and median discounts of the Precedent Comparable Transactions;
- The ratio of the Issue Price to NAV per Share of 0.25 is less favourable when compared to all the Precedent Comparable Transactions;
- Irrevocable undertaking by Keh Swee Investment Pte. Ltd. (“**KSI**”), the controlling shareholder of the Company, to **vote in favour of the resolutions** to approve the Proposed Transactions to be passed at the EGM. KSI has a shareholding interest of 61.27% in the Company’s existing issued share capital and is independent of the Investor;
- There is currently **no alternative funding alternatives available** to the Group, which are comparable in nature, size and scope to the Proposed Share Placement.

IFA Opinion



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On the Proposed Share Placement

- “terms are not fair but **reasonable**”

On the Proposed Whitewash Resolution

- “...is **not prejudicial to the interests** of the Independent Shareholders when considered in the context of the fact that it will facilitate the immediate injection of a substantial amount of funds into the Group to meet its present requirements, in the midst of the current challenging market conditions.”

IFA advice

- “Accordingly, we advise the Directors to recommend to the Independent Shareholders to **vote in favour** of the Proposed Whitewash Resolution.”

Use of proceeds



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- 30%: Strengthening the financial position of the Group by enlarging the Company's working capital and capital base, for the purposes of financing
 - The purchase of new equipment
 - The recruitment and retention of new sales and engineering staff, to bring in new sales and to provide technical know-how and services and/or create value-added products needed for the new sales respectively, in order to reduce inventory
 - Upgrades and resizing of the Group's existing facilities and/or offices in order to tailor to future business needs,
 - The procurement of additional SAP modules to enhance corporate management and accounting controls
- 70%: Growing the existing business of the Group, including to
 - Invest in marketing programs to enhance the Group's brand image in the marketplace and better position the Group for future business opportunities
 - Pursue potential strategic growth opportunities (including alliances, mergers and acquisitions, joint ventures and investments as and when they may arise)
 - Participate in tender bids with customers in the O&G and marine sectors.

Q & A



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Thank you