



Securities Investors Association (Singapore)

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Issuer: Gaylin Holdings Limited

Security: Gaylin Holdings Limited

Meeting details:

Date: 23 July 2018

Time: 10.00 a.m.

Venue: Raffles Marina Club, Bridge Room, 10 Tuas West Drive, Singapore 638404

Company Description

Gaylin Holdings Limited, an investment holding company, manufactures and supplies rigging and lifting equipment for the oil, gas, shipbuilding, marine, civil engineering, and renewable energy markets. The company operates through Rigging and Lifting, and Ship Chandling segments. It offers rigging and lifting equipment, including heavy lift slings and grommets, crane ropes, synthetic slings, synthetic fibers, wire ropes, wire rope accessories, and mooring equipment and related accessories. The company also provides wire rope management, spooling, lubrication and non-destructive testing (NDT), and other fabrication services; winch systems; and mooring components and systems. In addition, it is involved in the rental or sale of lifting, and mooring and marine products. Further, the company offers training courses and competency assurance services for the lifting and marine industry; ship chandler's supplies and services; and general merchandise. It has operations in Singapore, the Middle East, Malaysia, Australia, rest of Asia, Europe, and internationally. The company was founded in 1974 and is headquartered in Singapore. Gaylin Holdings Limited is a subsidiary of Keh Swee Investment Pte. Ltd. (Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=RF7)

1. The board of directors was reconstituted on 13-14 March 2018 with the appointment of the current 5 directors, comprising the executive chairman, a non-executive director and 3 independent directors.

New members were added to the senior management team with the appointments of Mr Perry Kennedy on 11 April 2018 as Chief Executive Officer, Mr James Parsons on 13 March 2018 as Managing Director and Ms Victoria Yong as Senior Vice President on 13 March 2018.

- (i) Would the company help shareholders understand the roles and responsibilities of Mr Kennedy as CEO and Mr Parsons as Managing Director?**
- (ii) Can management elaborate further on the changes to the business model, systems and processes of the group? How long will the restructuring/optimisation of operations take?**
- (iii) What are the near term priorities and targets for the group in FY19, especially in the EMEA region where management has witnessed encouraging signs of turnaround?**

2. On 13 March 2018, the company announced the appointment of Mr Lim Shook Kong, as “Independent Non-Executive Director” and a day later on 14 March 2018, the appointments of Mr Alan John Hargreaves and Mr David Wood Hudson each as an “Independent Non-Executive Director”.

The relationships that the “Independent Non-Executive Directors” have with ShawKwei and Partners and their affiliated companies are shown in the table below:

Director	Relationship	Source
Lim Shook Kong	Director of SCHMID Singapore Pte. Ltd; Non-Executive director of Chosen Holdings Limited (2015)	SGX announcement dated 13 March 2018
Alan John Hargreaves	Advisor to ShawKwei & Partners; Director of Beyonics Pte Ltd; Non-Executive director of Chosen Holdings Limited (2015)	Annual Report Page 13; SGX announcement dated 14 March 2018
David Wood Hudson	Advisor to ShawKwei & Partners	Annual Report Page 13

- (i) Given that two directors have declared that they are advisors to ShawKwei & Partners, would the directors like to clarify their roles as advisors to ShawKwei & Partners?**
- (ii) Can the two directors justify why they have declared themselves to be independent?**

- (iii) As the two “independent directors” are also advisors to ShawKwei & Partners, would the directors be frequently put in a position where there is a conflict of interest? Is there a “self-review” threat?**
- (iv) Can the nominating committee provide its basis for its view that the “independent directors” are independent?**

3. On 26 March 2018, the company announced that it had entered into a non-binding letter of intent to acquire the entire issued and paid-up capital of Amos International Holdings Pte. Ltd. (“Amos”).

This proposed acquisition is considered an interested person transaction as the one of the vendors, Lighthouse Logistics Ltd, is an associate of Mr. Kyle Shaw, the executive chairman and deemed controlling shareholder of the company.

On 9 July 2018, the company entered into a sale and purchase agreement with the vendors of Amos.

- (i) Would the independent directors help shareholders understand their level of involvement in the negotiation with the vendors given that this is an interested person transaction?**
- (ii) What is the level of due diligence carried out by the independent directors with regard to the proposed acquisition which is an interested person transaction?**
- (iii) Is it necessary for board member(s) who are conflicted to recuse himself/themselves from participating in any discussion and decision on the proposed acquisition? If so, was this carry out for the Amos acquisition?**

A copy of the questions for the Annual Report for the financial year ended 31 March 2017 could be found here:

https://sias.org.sg/index.php?option=com_qaannualreports&view=qareports&filter_company=217

The company’s response could be found here: -----