

GALLANT VENTURE LTD

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RESPONSE TO SGX-ST'S QUERY REGARDING THE COMPANY'S UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

The Board of Directors of Gallant Venture Ltd. (the "Company") refers to the query raised by the Singapore Exchange Securities Trading Limited ("SGX-ST") in its email dated 17 May 2019 regarding the Company's unaudited results for the first quarter ended 31 March 2019 and wishes to respond to the query as follows:-

SGX-ST's Query

Please provide the aging of the Group's Trade and other receivables and the Board's assessment on the recoverability of the Group's trade and other receivables and the bases for such an assessment.

Company's Response

The breakdown of the Group's Trade and other receivables is as follows:-

	31.03.19
	S\$'000
Trade and other receivables	358,416
Due from Related Parties ⁽¹⁾	258,413
Prepayment and Other Current Assets	<u>162,955</u>
	<u>779,784</u>

⁽¹⁾ The non-trade amount owing by related parties are mainly advanced payment of expenses, that are non-interest bearing, unsecured and repayable on demand.

The aging of the Group's Trade and other receivables is as follows:-

	31.03.19
	S\$'000
Under 30 days	144,512
31 - 60 days past due	49,192
61 - 90 days past due	13,334
>90 days past due	<u>151,378</u>
	<u>358,416</u>

The Group took various considerations such as analysis of the customers' current financial position, past default history, current market condition of the industry and securities provided the debtors when

assessing the recoverability of the trade and other receivables. The Group impairs its trade and other receivables when there is indication that the receivable is not recoverable or the security provided is lower than receivable.

The management has assessed the recoverability of the Group's trade and other receivables and the Board is of the opinion that the current impairment provision is adequate.

SGX-ST's Query

Please provide a breakdown of Other non-current assets and provide an explanation for the material variances in each of the line items included in the breakdown of Other non-current assets.

Company's Response

The breakdown of Other non-current assets and explanation for the material variances is as follows:-

	31.03.19	31.12.18	Variance	Notes
	S\$'000	S\$'000	S\$'000	
Equity investments in FVOCI	130,109	251,167	(121,058)	1
Derivative assets	13,742	23,337	(9,595)	2
Estimated claims for tax refund	31,125	28,859	2,266	
Restricted cash in banks and time deposits	22,106	316	21,790	3
Other receivables	35,966	40,313	(4,347)	
Prepayment	705	793	(88)	
Deposits	487	603	(116)	
	234,240	345,388	(111,148)	

Notes:

1. Due to divestment of the Group's 19.42% quoted equity investments in FVOCI, PT Multistrada Arah Sarana Tbk ("MASA").
2. Due to change in the fair value of derivative instruments.
3. Included part of the sale proceeds, amounted to S\$20.6 million, from the divestment of MASA used as collateral for the Group's external borrowings.

BY ORDER OF THE BOARD
GALLANT VENTURE LTD.

Choo Kok Kiong
Executive Director and Company Secretary
21 May 2019