



**POTENTIAL DILUTION OF SHAREHOLDING INTEREST IN PT INDOMOBIL SUKSES
INTERNASIONAL TBK**

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**”) of Gallant Venture Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to its announcement dated 30 April 2020 in relation to the proposed capital increase by its subsidiary, PT Indomobil Sukses Internasional Tbk (“**IMAS**” and together with its subsidiaries, the “**IMAS Group**”).
- 1.2 IMAS had, on 30 April 2020, announced a proposed issuance of new shares with pre-emptive rights to IMAS’ shareholders (“**IMAS Rights Issue**”) with the maximum number of 1,229,012,627 shares of nominal value Rp250 each (“**IMAS Rights Shares**”). IMAS is listed on the Indonesia Stock Exchange.
- 1.3 The IMAS Rights Issue is subject to, amongst others, approval by the shareholders of IMAS at the general meeting convened to be held on 8 June 2020 and the prospectus that will be issued by IMAS in relation to the IMAS Rights Issue.

2. INFORMATION ON IMAS

- 2.1 The Company currently holds 1,976,765,774 shares in IMAS, representing approximately 71.49% of IMAS’ existing issued and fully-paid shares.
- 2.2 The IMAS Group is an integrated automotive business group and the main business of the IMAS Group encompass vehicle sales distribution, after sales service, vehicle ownership financing, spare part distribution, vehicle assembly, automotive parts/component manufacturing and other related supporting services.
- 2.3 Based on IMAS’ announcement dated 30 April 2020, IMAS intends to use the proceeds raised by the IMAS’ Rights Issue, after deducting issuance costs, for business expansion.

3. POTENTIAL DILUTION

- 3.1 After careful consideration by the Board, the Board wishes to announce that the Company does not intend to subscribe for its entitlement under the IMAS Rights Issue.
- 3.2 The Board is of the view that the Company should conserve its resources in view of deteriorating economic conditions and focus on further developing the Group’s industrial park business. The Board also took into consideration the deepening losses contributed by the IMAS Group to the Group.
- 3.3 If the Company does not subscribe for its proportionate entitlement of 878,562,566 IMAS Rights Shares, it will result in the reduction of the percentage shareholding of the Company in IMAS from approximately 71.49% to approximately 49.49% (the “**Potential Dilution**”).

As such, there is a possibility that the IMAS Group will cease to be subsidiaries of the Group with its attendant consequences, including that the financial results of the IMAS Group will no longer be consolidated with the results of the Group, assuming that the IMAS Rights Issue is completed with the issue of the maximum number of 1,229,012,627 IMAS Rights Shares.

4. FINANCIAL EFFECTS OF THE POTENTIAL DILUTION

4.1 Bases and Assumptions

For purposes of illustration only, assuming that the Company does not take up its entitlement under the IMAS Rights Issue and IMAS ceases to be a subsidiary of the Group, the proforma financial effects of such cessation are set out below. The proforma financial effects have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2019 (“FY2019”) and IMAS Group’s audited consolidated financial statements for FY2019 and do not necessarily reflect the actual future financial position and performance of the Group after the completion of the Potential Dilution. The following are some bases and assumptions adopted:

- (a) the IMAS Rights Issue is completed with the issue of the maximum number of 1,229,012,627 IMAS Rights Shares;
- (b) IMAS ceased to be a subsidiary of the Company and the IMAS Rights Issue was completed on 1 January 2019 for the purpose of computing the financial effects on the consolidated earnings of the Group;
- (c) IMAS ceased to be a subsidiary of the Company and the IMAS Rights Issue had been completed on 31 December 2019 for the purpose of computing the financial effects on the net asset value (“NAV”) of the Group; and
- (d) NAV means total assets less the sum of total liabilities and non-controlling interest.

4.2 NAV per share

Assuming that IMAS ceased to be a subsidiary of the Group but remained as an associated company of the Group as at 31 December 2019, the NAV per share of the Group would decrease from 22.98 cents to 16.26 cents, as set out below:

As at 31 December 2019	Group with IMAS as subsidiary	Group with IMAS as associated company	Percentage (Decrease)/ Increase
NAV (S\$’000)	1,246,498	882,004	-29.2%
Number of issued shares	5,424,848,361	5,424,848,361	N.A
NAV per share (Singapore cents)⁽¹⁾	22.98	16.26	-29.2%

Note:

- (1) The NTA per share is calculated using the Group’s NAV as at 31 December 2019 divided by the share capital of 5,424,848,361 ordinary shares (excluding 450,000 shares which are held as treasury shares) as at 31 December 2019.

4.3 Loss per share (“LPS”)

Assuming that IMAS ceased to be a subsidiary of the Group but remained as an associated company of the Group as at 1 January 2019, the loss per share for FY2019 of the Group would decrease from 4.153 cents to 1.742 cents, as set out below:

FY2019	Group with IMAS as subsidiary	Group with IMAS as associated company	Percentage (Decrease)/ Increase
Net loss attributable to equity holders of the company (S\$’000)	221,976	93,089	-58.1%
Weighted average number of issued shares	5,344,834,236	5,344,834,236	N.A

LPS on a fully diluted basis (Singapore cents)⁽²⁾	4.153	1.742	-58.1%
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Note:

- (2) The conversion right of convertible bonds issued by the Company has not been included in the calculation of the diluted loss per share as these will have an anti-dilutive effect (i.e. resulting in a reduction in loss per share).

4.4 Gearing

Assuming that IMAS ceased to be a subsidiary of the Group but remained as an associated company of the Group as at 31 December 2019, the gearing of the Group would improve from 2.64 times to 0.42 times, as set out below:

As at 31 December 2019	Group with IMAS	Group with IMAS as associated company	Percentage (Decrease)/ Increase
Total borrowings (S\$'000)	3,291,187	366,304	-88.9%
Shareholders' funds (S\$'000)	1,246,498	882,004	-29.2%
Gearing (times)	2.64	0.42	-84.3%

5. **INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS IN THE POTENTIAL DILUTION**

Save for Mr Jusak Kertowidjojo (who is the President Director of IMAS) and Mr Eugene Cho Park (who sits on the board of commissioners of IMAS) (each of whom have abstained from voting on the matter), none of the Directors nor (so far as the Directors are aware) any controlling shareholders of the Company has any interest, direct or indirect, in the Potential Dilution (other than their direct or indirect shareholdings in the Company).

The Company has written to the SGX-ST to consult SGX-ST on whether the Company is required to convene a general meeting to seek the approval of its shareholders in connection with the Potential Dilution.

The Company will make further announcements on the Potential Dilution as appropriate or when there are further developments on the same.

Shareholders and potential investors are advised to exercise caution when dealing with the shares of the Company. Shareholders and potential investors should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions that they should take.

BY ORDER OF THE BOARD
GALLANT VENTURE LTD.

Choo Kok Kiong
Executive Director and Company Secretary
4 May 2020