



RESPONSE TO SGX-ST'S QUERY REGARDING THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 04 May 2020 regarding the Company’s annual report for the financial year ended 31 December 2019 and wishes to respond to the query as follows:-

SGX-ST’s Query

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “**Code**”), the provision from which it had varied, an explanation for the reason for variation, and an explanation on how the practices it had adopted are consistent with the intent of the relevant principle.

- a) Provision 2.4 of the Code states that, “The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company’s annual report.”

We note that the Company had not complied with Provision 2.4 of the Code as you have not disclosed your board diversity policy and progress made towards implementing the board diversity policy, including objectives. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company. Please also disclose how the Company has complied with the recommendation of having directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, other than its board diversity policy.

Company’s Response

While the Board has not formalised its board diversity policy, the Board recognised the importance of having a Board comprising persons whose diverse skills, experience and attributes provide for effective direction for the Group. The Board also considers gender as an important aspect of diversity alongside factors such as the age, ethnicity and educational background of its members, as it believes that diversity in the Board’s composition contributes to the quality of its decision making. In its Board renewal process including the appointment of new directors, the Board together with the NC will set the relevant objectives to promote diversity to ensure an appropriate balance of perspectives, skills and experience on the Board to support the long-term success of the Company, and as far as possible to consideration female representation. In view of the aforementioned, the Company believes that whilst it has not adopted a formal board diversity policy, the Board and NC will continue to take into

consideration of the need for diversity on the Board in the appointment of new Directors and this is consistent with the intent of Principle 2 of the Code.

The current Board comprises individuals who are business leaders and professionals with financial, banking, real estate, investment and accounting backgrounds as set out below. Detailed description of their background and experience are disclosed under the “Board of Directors” section of the Annual Report. The varied backgrounds of the Directors enable Management to benefit from their respective expertise and diverse background.

Director	Background & Experience
Mr Lim Hock San, Non-Executive Chairman and Independent Director	Mr Lim is presently the President and CEO of United Industrial Corporation Limited and Singapore Land Limited. Mr Lim started his career in 1966 with the then Inland Revenue Department of Singapore. He became an Accountant at Mobil Oil Malaya Sdn Bhd in 1967 before joining the Port of Singapore Authority in 1968, where he served in various management positions. From 1975 to 1992, he was with the Civil Aviation Authority of Singapore and was promoted to the position of Director-General.
Mr Eugene Cho Park, Executive Director and Chief Executive Officer	Mr Park has spent more than 15 years as an investment banker with Credit Suisse First Boston in London, Chase Manhattan Asia Ltd in Hong Kong and Banque Paribas in Singapore.
Mr Gianto Gunara, Executive Director	Mr Gunara started his career with Haagtechno BV, Den Bosch, Holland as a Management Trainee in 1984. He also sits on the Board of Director/Commissioner of several subsidiaries of the Group and in other private enterprises.
Mr Jusak Kertowidjojo, Executive Director	Mr Jusak was the Vice President Director II of IMAS in June 2005 and as the President Director and Chief Executive Officer in June 2011. He also serves as a director in a number of IMAS' subsidiaries.
Mr Choo Kok Kiong, Executive Director	Mr Choo has over 20 years of finance experience. Prior to joining the company, he held various management positions in the Sembcorp group including Vice-President of Finance at Sembcorp Parks Management and Sembcorp Development Ltd.
Dr Tan Chin Nam, Non-Executive Director	Dr Tan had 33 years of distinguished service in Singapore Public Service holding various key appointments before completing his term as a Permanent Secretary in 2007. He is Senior Adviser of the Salim Group. He is also Adviser of Eight Inc. as well as Member of the Centre for Liveable Cities Advisory Board and the Bankinter Foundation for Innovation (Spain) Board of Trustees. Advisory Board and member of Singapore Symphony Council.
Mr Axton Salim, Non-Executive Director	Mr Axton Salim is a Director of PT Indofood Sukses Makmur Tbk. He is also a Director of PT Indofood CBP Sukses Makmur Tbk, where he heads the Dairy Division. He is concurrently a Commissioner of PT SIMP and Lonsum. He also serves as Co-Chair of Scaling Up Nutrition (SUN) Business Network Advisory Group and Coordinator of SUN Business Network Indonesia and Director of Art Photography Centre Ltd.
Mr Foo Ko Hing, Non-Executive and Independent Director	Mr Foo has over 15 years of experience in investment origination, structuring, monitoring and strategic growth assistance, with emphasis on the private equity investment and capital markets.

Director	Background & Experience
Mr Rivaie Rachman, Non-Executive and Independent Director	Mr Rachman is presently the Independent Director of Riau Development Bank and Surya Dumai Palmoil Plantation & Industry Group in Indonesia. He was the Head of several Riau Government board for over 20 years.

SGX-ST's Query

- (b) Provision 8.1 of the Code states that, "The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of: (a) each individual director and the CEO; and (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel."

Provision 8.2 of the Code states that, "The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S\$100,000 during the year, in bands no wider than S\$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder."

We note that the Company had not complied with Provisions 8.1 and 8.2 of the Code with regards to the disclosure of remuneration and disclosure of the names and remuneration of employees who are substantial shareholders of the company and whose remuneration exceeded S\$100,000 respectively, and there were no explanations provided for in your FY2019 annual report on how it is consistent with the intent of Principle 8 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Company's Response

Provision 8.1

On page 57 of the Annual Report, the Company's deviation from Provision 8.1 of the Code is explained as follows:

"The Executive Directors who sit on the Board hold executive positions in the Group's Indonesian subsidiaries. Under Indonesian governance, there is no requirement for corporations in Indonesia to disclose the detailed remuneration of individual directors and executives. The disclosure in Singapore would affect the confidentiality of their remuneration. The Indonesian subsidiaries would be put into a position of unequal treatment in governing the confidentiality of their employees' remuneration. Such executives who are on the Board would be disadvantaged unfairly. In addition, given the highly competitive conditions in the market place where poaching of executives is not uncommon, it is not in the interest of the Company to disclose the remuneration of individual Executive Directors. The Board is of the view that it would be disadvantageous to the Group to disclose the exact remuneration of the Directors."

The Company has many competitors in the same industry which are private companies. By disclosing the top five key management personnel individually in bands of S\$250,000, the Company is susceptible to poaching of its personnel in a highly competitive market place vying for talent. The competitors have publicly available information of profile of the Company's key

personnel and remuneration benchmark. The Company does not have similar information and is seriously disadvantaged as compared to its competitors in retaining and recruitment of key personnel. Loss of its key personnel involves considerable loss of operational know-how and cost in recruitment of similar talent and gestation period for new key personnel to be fully inducted into the Company's work practices. All this would impact its business competitive edge vis-à-vis its competitors. Disclosure of the names of the key management personnel will be not in the interest of the Company from a business perspective."

While the exact remuneration of the Directors is not given, the level and mix of remuneration in percentage terms of the Directors are provided.

The Company has disclosed the level of remuneration of 3 of the Company's top 5 key management personnel above S\$250,000, and disclosed the total remuneration of the top 5 key management personnel as approximately S\$1,370,146. The level and mix of the total remuneration for the key management personnel in percentage terms are as follows:

	Salary	Bonus	Other Benefits	Total
	%	%	%	%
Above S\$250,000				
Executive 1	71	20	9	100
Executive 2	78	19	3	100
Executive 3	69	25	6	100
Below S\$250,000				
Executive 4	73	17	10	100
Executive 5	68	25	7	100

Provision 8.2

The Company wishes to update the disclosure in Provision 8.2 as follows:

Mr Axton Salim, Non-Executive Director is the son of Mr Anthoni Salim, a substantial shareholder of the Company. Mr Axton Salim's remuneration is already disclosed under the "Remuneration of Directors" section on page 56 of the Annual Report. In the foregoing, explanation is given as to why it would be disadvantageous to the Group to disclose the exact remuneration of the Directors.

In view of the aforementioned reasons, the Company believes that its current disclosure is consistent with the intent of Principle 8 of the Code as shareholders are given information on the level and mix of remuneration in percentage terms of the individual Directors and of the top 5 key management personnel, and the interest of the shareholders are not disadvantaged by the non-disclosure.

BY ORDER OF THE BOARD
GALLANT VENTURE LTD.

Choo Kok Kiong
 Executive Director and Company Secretary
 5 May 2020