



GALLANT VENTURE LTD.
Extraordinary General Meeting
7 August 2020

Contents

- 1 PT Indomobil Sukses Internasional Tbk's ("IMAS") Proposed Capital Increase
- 2 Gallant Venture's decision
- 3 IMAS's Contribution to GV
- 4 IMAS shareholders' approval and SGX-ST's waiver
- 5 Potential Dilution
- 6 Gallant Venture's Plan
- 7 Selected Pro Forma Financial Effects

PT Indomobil Sukses Internasional Tbk's ("IMAS") Proposed Capital Increase

- On 30 April 2020, IMAS, 71.49% owned subsidiary of Gallant Venture ("GV"), has announced a proposed issuance of new shares with pre-emptive rights to IMAS' shareholders ("**IMAS Rights Issue**") for maximum number of 1,229,012,627 shares. IMAS Rights Issue price will be determined after its General Meeting of Shareholders.
- IMAS intends to use the Rights Issue proceeds for, amongst others, business expansion.
- Based on GV's current shareholding of 71.49% and the maximum number of shares to be issued, GV's entitlement for the subscription to the IMAS Rights Issue is 878,562,566 shares.

Gallant Venture's Decision

- **GV Board evaluated IMAS proposal and after careful consideration, decided not to subscribe for its IMAS Rights Issue entitlement. The rationales for IMAS to issue new shares and GV not subscribing to its entitlements are as follows:-**



Automotive

- Requires funding for business expansions.
- Debt funding may not be readily available due to current market conditions.
- Improve debt-to-equity ratio so to expand headroom for future debt financing.



Industrial Parks, Utilities, Resort Operation & Property Development

- In the event that the Company subscribes for its entitlement, the amount required is approximately S\$57.7 mil. In view of deteriorating economic conditions amidst COVID-19, GV intends to conserve its cash resources and not to subscribe for its entitlement.
- On-going commitments for further development of industrial and resort segments.
- Deepening IMAS losses, based on the Group's accounting standards and policies, and further potential financial impact from the COVID-19 crisis.

- **On 4 May, GV announced its decision not to subscribe for its entitlement, the potential dilution from IMAS Rights Issue and its consultation with SGX-ST on this subject matter.**

IMAS's Contribution to the GV Group

	2013	2014	2015	2016	2017	2018	2019
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	2,450,621	2,074,000	1,864,564	1,555,331	1,587,871	1,666,567	1,792,189
Cost of Sales	(2,146,664)	(1,792,808)	(1,582,087)	(1,279,730)	(1,270,776)	(1,340,964)	(1,435,657)
Gross Profit	303,957	281,192	282,477	275,601	317,095	325,603	356,532
Income from operations	116,734	108,161	104,990	59,485	139,815	131,026	176,309
PATMI	65,859	(15,532)	(4,814)	(29,781)	(13,564)	2,455	18,995
IMAS' contribution to the Group after adjustment ^{(1) (2)}	14,693	(22,110)	(50,146)	(67,151)	(60,000)	(21,707)	(169,567)
Cumulative IMAS' contribution to the Group after adjustment ^{(1) (2)}	14,693	(7,417)	(57,563)	(124,714)	(184,714)	(206,421)	(375,988)
Total debts	1,303,637	1,432,390	1,540,765	1,778,523	1,851,748	2,399,677	2,919,290
Cash and cash equivalents	116,482	120,380	135,662	168,703	128,502	108,896	134,664
Net debts	1,187,155	1,312,010	1,405,103	1,609,820	1,723,246	2,290,781	2,784,626
Gearing ratio	1.72x	1.84x	2.05x	2.23x	1.88x	2.35x	3.09x

(1) For 2013, IMAS's contribution to the Group was for the period May to Dec 2013 on the acquisition of IMAS.

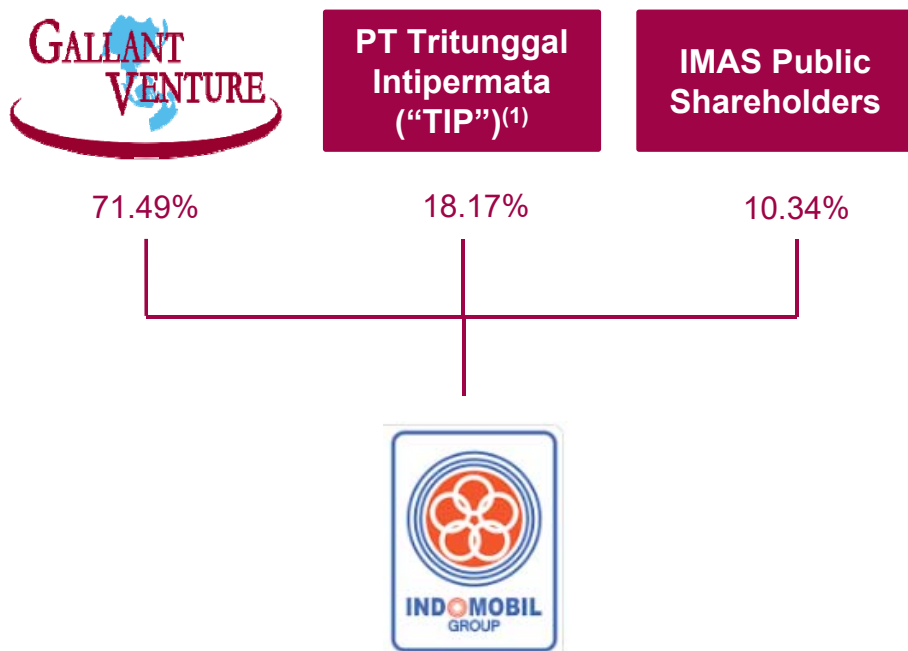
(2) Based on Group's shareholding in IMAS's PATMI and adjustment for Price Purchase Allocation ("PPA") and adjustments in accordance to the Group's accounting standards ("SFRS(I)") and accounting policies.

IMAS shareholders' approval and SGX-ST's waiver

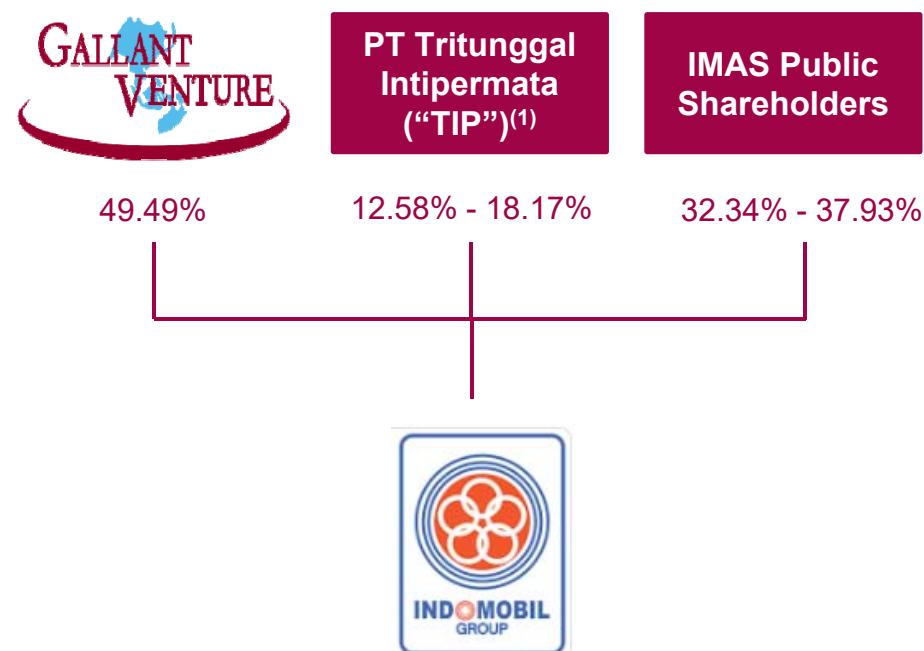
- On 8 June 2020, IMAS held its General Meeting of shareholders (“**GMS**”) to seek shareholders' approval for the proposed capital increase and the shareholders' approval was sought.
- On 10 June 2020, SGX-ST has granted GV the waiver to obtain prior shareholders' approval for not subscribing its entitlements subject to the following conditions:-
 - a) the company announcing the waiver granted, the reasons for seeking the Waiver, the conditions and if the waiver conditions have been satisfied, which the Company has already announced on 10 June 2020;
 - b) submission of a written confirmation from the Company that the waiver does not contravene any laws and regulations governing the Company and the Constitution of the Company;
 - c) the Company seeks ratification from the shareholders of the Company for the potential dilution in interest in IMAS not later than 7 September 2020; and
 - d) Irrevocable undertakings from the controlling shareholders of the Company holding more than 50% of the issued capital in the Company to: (a) vote in favour of the reduction in the Company's shareholding in IMAS and (b) continue to own more than 50% of the issued capital of the Company before and up to the date of the Company's general meeting.

Potential Dilution

Before Dilution



After Dilution



- IMAS ceases to be a subsidiary of the Group but remains as an associated company.
- The Group is expected to recognise up to S\$603.8 mil net loss on deconsolidation of IMAS.
- Salim Group through TIP will not undertake to underwrite any excess rights not taken up by IMAS shareholders.

⁽¹⁾ Salim Group

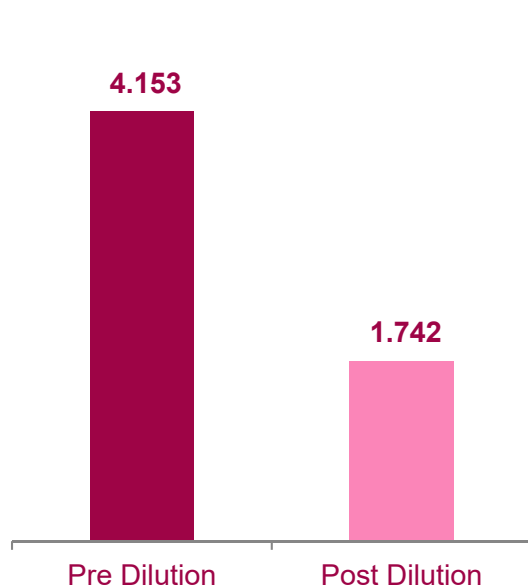
Gallant Venture's Plan Post IMAS dilution

- **Focus on its four core businesses, namely, utilities, industrial parks, resort operations and property development.**
 - Allows GV to focus and commit its resources to fuel growth of its core businesses in Batam and Bintan.
 - GV continues to hold a substantial stake in IMAS after dilution and will continue to share IMAS' results and potentials over longer term.
 - Potential increase in shareholders value due to focused business proposition.
- **Improves returns and strengthen balance sheet from deconsolidation of IMAS**
 - Proforma loss per share improves from 4.153 cents to 1.742 cents.
 - Proforma total borrowings reduces from S\$3,291.2 million to S\$366.3 million.
 - Proforma gearing ratio improves from 2.64x to 0.42x.

Selected Pro Form Financial Effects

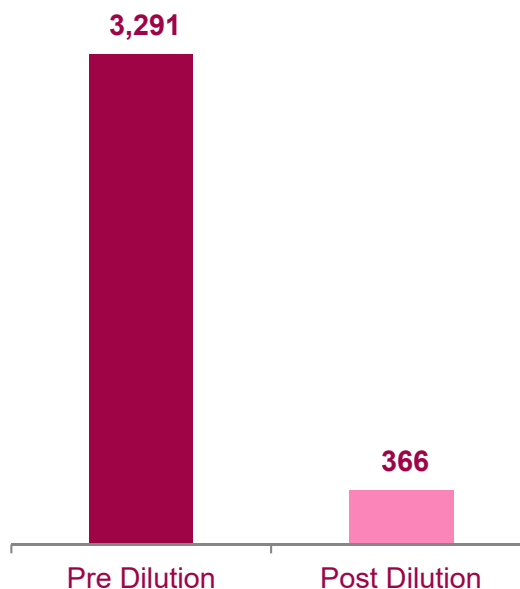
Loss per Share (LPS)⁽¹⁾

- LPS drops from 4.153 cents to 1.742 cents
- Improves by 58%



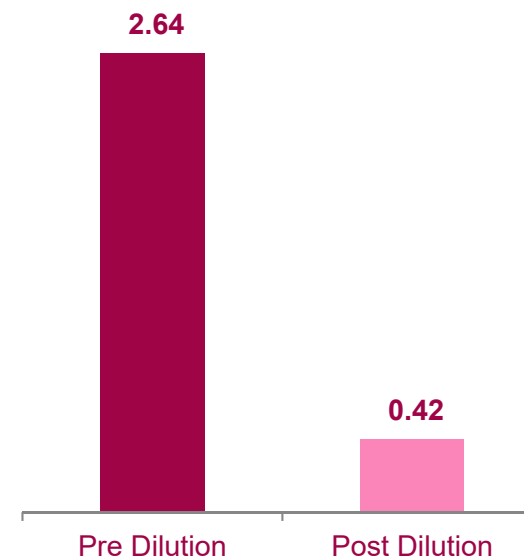
Total borrowings as at 31 Dec 2019⁽²⁾

- Decrease by S\$2,925 mil



Gearing ratio⁽²⁾

- Improves from 2.64x to 0.42x



For further details, please refer to the certain financial effects of the potential dilution under the circular date 23 July 2020.

⁽¹⁾ LPS is computed as net loss attributable to equity holders of the company divided by weight average number of 5,344.8 mil GV shares (excluding treasury shares) for FY2019 and assuming that IMAS ceased to be a subsidiary as at 1 Jan 2019 but remained as an associated company.

⁽²⁾ Assuming that IMAS ceased to be a subsidiary as at 31 Dec 2019 but remained as an associated company and shareholder's fund is reduced from S\$1,246.5 mil to S\$882.0 mil due to the net loss on deconsolidation of IMAS.



Managing Investments Creating Value

Thank You