

GALLANT VENTURE LTD

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RESPONSE TO SGX-ST'S QUERY REGARDING THE COMPANY'S INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022 ("1H2022")

The Board of Directors (the "**Board**") of Gallant Venture Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the query raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") regarding the Company's interim financial statements for the period ended 30 June 2022 and wishes to respond to the query as follows:-

SGX-ST's Query

Question 1

It is noted that there is an increase of S\$2.944 million in other expenses of the Group mainly due to higher unrealised foreign exchange losses. Please provide an explanation as to why there is higher unrealised foreign exchange loss for 1H2022 as compared to 1H2021.

Company's Response

Higher unrealised foreign exchange loss for 1H2022 was mainly due to the translation of the Group's US\$295 million denominated loan, where Singapore Dollar depreciated against the US Dollar in 1H2022.

Question 2

It is noted that there is an increase of S\$2.463 million in general and administrative expenses of the Group mainly due to higher manpower-related costs. Please elaborate on the type of manpower-related costs incurred and provide an explanation as to why there is higher manpower-related costs for 1H 2022 as compared to 1H2021.

Company's Response

The increase in manpower-related costs in 1H2022 was mainly due lower expenses registered in the previous year. During the Covid-19 pandemic years, the Group implemented no-pay-leave, temporary salary reductions, and suspension of annual bonus payments. The Group has reinstated salary and bonus payments in 1H2022, resulting in higher manpower-related costs as compared to 1H2021.

Question 3

It is noted that the Group recorded a share of profit from associate companies of S\$8.0 million as compared to 1H 2021's loss of S\$7.6 million, mainly due to higher profit generated by PT IMAS and BOMC Pte. Ltd.. Please elaborate on what contributed to the higher profit generated by PT IMAS and BOMC Pte. Ltd..

Company's Response

The Group's share of PT IMAS's profit in 1H2022 was S\$6.6 million as compared to S\$8.2 million loss in 1H2021, and it was mainly due to:-

- PT IMAS's revenue increased by S\$230.0 million from S\$885.0 million in 1H2021 to 1H2022's S\$1,115.0 million, mainly due to higher demand for its financial services, higher trucks and heavy-duty equipment sales, after-sales services, vehicle rental-related income and higher contributions from its mini petrol kiosk business.
- PT IMAS's share of profit from its associate companies increased from 1H2021's S\$1.6 million to 1H2022's S\$10.1 million.

The Group's share of BOMC Pte. Ltd.'s profit was S\$1.2 million for the period under review and it was higher than 1H2021's S\$0.5 million, mainly due to the accelerated completion of turnkey projects.

Question 4

Please disclose:-

- (i) the breakdown of the Group's non-current trade and other receivables; and**
- (ii) the nature of the non-current receivables.**

Company's Response

"Non-current trade and other receivables" relate to the non-current portion of the lease receivables on the sublease of the Company's office premise to a third party.

Question 5

Please explain the nature of the prepayment and deposits under other non-current assets and the reasons for the decrease from S\$2.402 million as of 31 December 2021 to S\$1.286 million as of 30 June 2022.

Company's Response

The prepayment under the "other non-current assets" relates to prepaid corporate tax. The decrease in "other non-current assets" from S\$2.402 million as at 31 December 2021 to S\$1.286 million as at 30 June 2022 was mainly due to the recognition of prepaid taxes in 1H2022.

Question 6

Please provide an explanation as to why current trade and other receivables increased from S\$43.912 million as at 31 December 2021 to S\$52.422 million as at 30 June 2022.

Company's Response

The increase in "current trade and other receivables" was mainly due to:-

- For trade receivables

The increase was in line with higher revenue for the period under review.

- For other receivables

The increase was due to the advances paid to contractors for the construction of new industrial factories, development of the airport project, construction of resorts-related facilities, and solar power plant.

Question 7

Please provide an explanation as to why current contract liabilities increased from S\$3.391 million as at 31 December 2021 to S\$6.820 million as at 30 June 2022

Company's Response

The increase in the Group's current contract liabilities was mainly due to:-

- Increase in rental received in advance from tenants for rental of factory units.
- Following the resumption of leisure travel in the region, the Group registered higher receipt of advances from travel agents for tour packages to Bintan Resorts.

**BY ORDER OF THE BOARD
GALLANT VENTURE LTD.**

Choo Kok Kiong
Executive Director and Company Secretary
29 August 2022