



GALLANT VENTURE LTD

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PROPOSED ACQUISITION OF SINGAPORE-BINTAN RESORT HOLDINGS PTE LTD

1. INTRODUCTION

The board of directors (the "**Board**") of Gallant Venture Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 25 January 2021 (the "**25 January Announcement**") in relation to the proposed acquisition of an aggregate of 66.25% shares in Singapore-Bintan Resort Holdings Pte Ltd ("**SBRH**") (including their respective shareholders' loans and related accrued interest thereon) from Keppel Land Limited, Oversea-Chinese Banking Corporation Limited, United Overseas Bank Limited, DBS Bank Ltd., UOL Equity Investments Pte Ltd, and Tropical Resorts Limited (collectively, the "**SBRH Selling Shareholders**") for a total consideration of approximately S\$4.94 million (the "**Purchase Consideration**"). Unless otherwise defined herein, capitalised terms used in this announcement shall bear the meaning as ascribed to them in the 25 January Announcement.

The Board wishes to update that the Company, has on 11 May 2021 entered into sale and purchase agreements (collectively, the "**SPAs**") with the SBRH Selling Shareholders for the acquisition of an aggregate of 13,250,000 issued ordinary shares ("**Sale Shares**") in the share capital of SBRH, representing 66.25% of the total number of issued shares in the capital of SBRH and convertible loan stocks of SBRH with an aggregate principal amount of S\$13,250,000 (together with the accrued interest thereon) ("**Sale CLS**" and together with the Sale Shares, "**Sale Securities**") for the Purchase Consideration, upon the terms and subject to the conditions in the respective SPAs (the "**Proposed Acquisition**").

As stated in the 25 January Announcement, the remaining 33.75% shares in SBRH are held by KMP Bincorp Investments Pte Ltd and Richbroad Investments Ltd, which are related to the Salim Group¹ and which are not involved in the Proposed Acquisition.

2. INFORMATION RELATING TO THE TARGET GROUP

SBRH, a private company incorporated in Singapore in 1990, is a special purpose vehicle established by the SBRH Selling Shareholders (or their predecessors) and the Salim Group to hold an equity stake in PT BRC (as defined below) as its sole investment.

SBRH is a single-asset investment holding company, whose only asset is shares representing 13.23% in PT Bintan Resort Cakrawala ("**PT BRC**" and together with SBRH, the "**Target Group**"), a company incorporated in Indonesia. The remaining 86.77% shares in PT BRC is held by the Group.

¹ Mr Anthoni Salim and the group of companies controlled by him or, if the context requires, Mr Anthoni Salim.

SBRH has been loss-making since inception. As at 31 December 2020, SBRH had a deficit in the shareholders' equity amounting to approximately S\$11.0 million and its total liabilities exceeded its total assets by approximately S\$11.0 million. Based on SBRH's unaudited financial statements as at 31 December 2020, it recorded net losses of approximately S\$19,000 for the financial year ended 31 December 2020.

PT BRC is the master planner and manager for Bintan Resort, Indonesia. Its businesses include estate management, utilities provision, operations management, events, business and community development.

Assuming that the Proposed Acquisition is completed, the Group will, through its existing interests in PT BRC as well as its interest in SBRH, have full control in respect of the shares in PT BRC. It is the Company's intention that the risks and rewards of each of the shareholders in SBRH would be in proportion to the equity interest of each shareholder.

3. PRINCIPAL TERMS OF THE SPAS

3.1. Sale Shares and Sale CLS

The Proposed Acquisition involves the acquisition of the Sale Shares and Sale CLS, free from all encumbrances and with the benefit of all rights, benefits and entitlements attaching thereto as at the Completion Date (as defined herein).

3.2. Purchase Consideration

The Company had valued SBRH as a whole at approximately S\$7.46 million taking into consideration SBRH's net tangible liabilities, S\$20 million shareholders' loans, the related accrued interest and waiver of default interest in respect of such loans as well as the consolidation of SBRH's share of the net tangible asset value of the Target Group. The Purchase Consideration constitutes 66.25% of approximately S\$7.46 million.

Pursuant to the SPAs and subject to the satisfaction (or waiver) of certain conditions precedent stipulated therein ("**Conditions Precedent**"), the Purchase Consideration shall be fully satisfied by the issue of 38,306,922 new ordinary shares in the capital of the Company (the "**Consideration Shares**"), representing approximately 0.70% of the enlarged total number of issued shares (the "**Shares**") in the capital of the Company immediately after completion of the Proposed Acquisition ("**Completion**"), assuming that all the SBRH Selling Shareholders complete the Proposed Acquisition.

The issue price of the Consideration Shares is S\$0.129 per Share (being the closing market price of the Shares on 30 December 2020, which was the market day immediately preceding the date of the Company's letter to the SBRH Selling Shareholders setting out the proposal of the Company to acquire the SBRH Selling Shareholders' respective Sale Securities).

The Consideration Shares, when allotted and issued, will be credited as fully-paid Shares free from all encumbrances and shall rank *pari passu* in all respects with the Shares in issue as at the date of Completion.

3.3. Conditions Precedent

The Proposed Acquisition is conditional upon the satisfaction (or waiver) of, *inter alia*, the following Conditions Precedent as set out in each of the SPAs:

- (a) the approval in-principle of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the listing and quotation of the Consideration Shares on the SGX-ST having been obtained and if such approval or issuance is subject to conditions, such conditions being reasonably acceptable to the Company and the SBRH Selling Shareholders and if required by the SGX-ST,

such conditions being fulfilled or satisfied before Completion, and such approval remaining in full force and effect as of Completion ("**Listing Approval**");

- (b) all the Vendor Warranties and Purchaser Warranties (each as defined in the SPAs) being true, accurate and not misleading as at the Completion Date, with reference to the then existing facts and circumstances;
- (c) all covenants and undertakings of the respective SBRH Selling Shareholders and the Company under the respective SPAs having been complied with as at the Completion Date;
- (d) the Proposed Acquisition upon the terms and conditions of the respective SPAs not being prohibited or restricted by any statute, order, rule, regulation, directive, guideline or request (whether or not having the force of law) promulgated by any legislative, executive or regulatory body or other authority of, *inter alia*, Singapore and Indonesia; and
- (e) all material approvals, consents, licences, permits, waivers and exemptions (collectively, "**Third Party Approvals**") for the Proposed Acquisition and their Completion and the transactions contemplated under the SPAs being granted by third parties including all legislative, executive, regulatory, judicial or other authorities in Singapore, Indonesia or any other jurisdiction to the Company and/or the Target Group (as the case may be) and where any such Third Party Approval is subject to conditions, such conditions being acceptable to the Company, and if such conditions are required to be fulfilled before Completion, such conditions being fulfilled before Completion, and such Third Party Approvals remaining in full force and effect.

Amongst others, the conditions set out in paragraphs (b) (in relation to the Vendor Warranties), (c) (in respect of the covenants and undertakings of the Vendor) and (e) may be waived by the Purchaser.

Amongst others, the conditions set out in paragraphs (b) (in relation to the Purchaser Warranties), (c) (in respect of the covenants and undertakings of the Company) and (e) may be waived by the Vendor.

If any of the conditions is not satisfied or waived in accordance with the respective SPAs on or before the date falling 4 months from the date of such SPA (or such later date as the respective SBRH Selling Shareholder and the Company may mutually agree in writing), such SPA will automatically terminate and the parties will have no claim against the other(s) save as provided in such SPA.

Completion is to take place on the date falling 5 business days after the date on which Listing Approval is obtained (or such other date as may be agreed in writing between the respective SBRH Selling Shareholders and the Company) (the "**Completion Date**").

Completion of the sale and purchase of the respective Sale Securities under each SPA is not conditional upon the completion of the sale and purchase of the Sale Securities under each of the other SPAs.

4. RATIONALE FOR THE PROPOSED ACQUISITION

The Board believes that the Proposed Acquisition is in the interests of the Company so that the Group has full control over PT BRC to explore various strategic options on its investments in PT BRC so as to enhance its future value once the tourism industry recovers from COVID-19.

5. CHAPTER 10 OF THE LISTING MANUAL

5.1. Relative Figures under Rule 1006 of the Listing Manual of the SGX-ST

The relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable ⁽¹⁾
(b)	The net profits ⁽²⁾ attributable to the Target Group, compared with the Group's net profits	Not meaningful ⁽³⁾
(c)	The aggregate value of the consideration given for the Proposed Acquisition, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	0.71 ⁽⁴⁾
(d)	The number of equity securities to be issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities of the Company previously in issue	0.71
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the Group's probable and proved reserves	Not applicable ⁽⁵⁾

Notes:

- (1) Rule 1006(a) of the Listing Manual is not applicable to an acquisition of assets.
- (2) Net profits is defined to be profit or loss before income tax, non-controlling interests and extraordinary items.
- (3) The relative figure for Rule 1006(b) has been computed based on (a) the Target Group's unaudited net loss for the full year ended 31 December 2020 ("**FY2020**") of approximately S\$19,000; and (b) the Group's audited consolidated net loss for FY2020 of approximately S\$690.4 million.
- (4) The Company's market capitalisation of approximately S\$700.8 million is based on its total number of issued Shares (excluding treasury shares) of 5,424,848,361 and the volume weighted average price of S\$0.1292 per Share on 10 May 2021, being the last traded market day prior to the date of the SPAs.
- (5) Rule 1006(e) of the Listing Manual is not applicable as the Company is not a mineral, oil and gas company.

As the absolute relative figure set out in Rule 1006(b) and the relative figures set out in Rules 1006(c) and (d) of the Listing Manual do not exceed 5%, the Proposed Acquisition will be classified as a non-discloseable transaction under Rule 1008 of the Listing Manual and is not conditional upon the approval of shareholders of the Company.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The unaudited pro forma financial effects of the Proposed Acquisition on the Group as set out below are purely for illustrative purposes only and are neither indicative nor do they represent any projection of the financial performance or position of the Group after the completion of the Proposed Acquisition.

The pro forma financial effects set out below have been prepared based on the latest audited consolidated financial statements of the Group for FY2020 and the unaudited consolidated financial statements of the Target Group for FY2020, as well as the following bases and assumptions:

- (a) the financial effects on the consolidated net asset value ("**NAV**") per Share is computed based on the assumption that the Proposed Acquisition had been completed on 31 December 2020; and
- (b) the financial effects on the consolidated loss per Share ("**LPS**") is computed based on the assumption that the Proposed Acquisition had been completed on 1 January 2020.

6.1. NAV per Share

As at 31 December 2020	Before the Proposed Acquisition	After the Proposed Acquisition
NAV ⁽¹⁾ (S\$'000)	812,090	817,032
NAV per Share (cents)	14.97	14.96

Note:

(1) NAV means total assets less the sum of total liabilities and non-controlling interest.

6.2. LPS

As at 1 January 2020	Before the Proposed Acquisition	After the Proposed Acquisition
Net loss attributable to the Shareholders of the Company for (S\$'000)	687,446	688,801
Weighted average number of Shares	5,424,848,361	5,463,155,283
LPS (cents)	12.672	12.608

7. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS

As at the date hereof, none of the Directors or controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition (other than through their respective shareholdings in the Company, if any).

8. SERVICE CONTRACTS

As at the date of this Announcement, no person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the SPAs will be made available for inspection during normal business hours at the registered office of the Company at 3 HarbourFront Place, #16-01 HarbourFront Tower Two, Singapore 099254 for a period of three (3) months from the date of this Announcement.

By Order of the Board
GALLANT VENTURE LTD.

Choo Kok Kiong
Executive Director and Company Secretary
11 May 2021