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- A) INVESTMENT IN PT SEBUKU IRON LATERITIC ORES (“SILO” OR THE “ISSUER”) – SUBSCRIPTION OF A CONVERTIBLE BOND OF PRINCIPAL AMOUNT US\$20,000,000 (“INVESTMENT”)**
- B) PUT AND CALL OPTION AGREEMENTS WITH TOP UNION INTERNATIONAL INDUSTRIAL LIMITED AND DORNIER PROFITS LIMITED AND PUT OPTION AGREEMENT WITH DORNIER PROFITS LIMITED IN RESPECT OF SHARES IN GALLANT POWER & RESOURCES LIMITED**
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**A. The Investment**

**1. Introduction**

The Board of Directors of Gallant Venture Ltd. (“**Company**”) is pleased to announce that the Company’s subsidiary, Gallant Power & Resources Limited (“**GPR**”), has on 22 July 2009 entered into a subscription agreement (“**Subscription Agreement**”) with the Issuer pursuant to which GPR has agreed to subscribe for, and the Issuer has agreed to issue to GPR, a convertible bond at par in the principal amount of US\$20,000,000 (“**Convertible Bond**”), on and subject to the terms of the Subscription Agreement.

**2. Certain terms and conditions of the Convertible Bond**

Certain terms and conditions of the Convertible Bond are set out in the Appendix to this announcement.

**3. Issue Price**

The aggregate issue price of the Convertible Bond (“**Issue Price**”) is US\$20,000,000 (or approximately S\$29,120,000<sup>1</sup>). The Issue Price was arrived at on a willing buyer, willing seller basis after taking into consideration amongst others, the net tangible asset of the Issuer and the prospects of the Issuer.

Payment of the aggregate Issue Price is proposed to be financed by internal resources.

**4. Certain information on the Issuer**

Silo, a company incorporated in Indonesia, is primarily engaged in the mining and supply of iron ore. Its mining operations are principally located in Sebuk Island, South

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<sup>1</sup> Throughout this announcement, unless otherwise indicated, the following exchange rates have been assumed:

US\$1 : S\$1.4560

Rupiah 10,190 : US\$1

Kalimantan, Indonesia, and Silo is presently expanding its mining activities to the Padanggending and Tanah Datar areas in Sumatra. Silo's main products are coarse fine and lump ore. As at the date of this announcement, Silo exports its products to overseas markets such as China. In addition to iron ore which is currently in production, Silo is believed to have coal resources.

Based on the unaudited financial statements of Silo for the financial year ended 31 December 2008 (“FY2008”) provided by Silo, the net tangible assets of Silo as at 31 December 2008 was Rp76,552,453,567 (or approximately S\$10,072,691 based on the exchange rate of approximately S\$1 : Rp7,600) and the net profits of Silo for the financial year ended 31 December 2008 was Rp16,855,045,794 (or approximately S\$2,217,796 based on the exchange rate of approximately S\$1 : Rp7,600).

**5. Rationale for the Investment**

The Company's existing investments in the utility division are primarily located in Batam and Bintan islands, Riau, Indonesia. As at 31 December 2008, the Company and its subsidiaries (“Group”) has approximately 162 MW of power generating capacity which it supplies to the Group's industrial parks and resorts businesses in both islands. The Company plans to expand the Group's business into resources-related segments such as mining of iron ore and coal which it proposes to eventually integrate with the Company's existing utility business. A strategic investment in Silo offers the Company the opportunity for such a business expansion plan.

**6. Relative figures computed on the bases set out in Rule 1006 of the Singapore Exchange Securities Trading Limited Listing Manual (“Listing Manual”)**

Rule 1006	Bases	Relative Figures
(a)	Net asset value of the assets to be disposed of, compared with the net asset value of the Group	Not applicable
(b)	Net profit before income tax, minority interests and extraordinary items (“Net Profit”) of the assets to be acquired <sup>(1)</sup> compared with the Group's Net Profit for FY2008	7.42%
(c)	The aggregate value of the consideration given, compared with the Company's market capitalisation as at 21 July 2009, being the last date on which the Company's shares were traded prior to the date of the Subscription Agreement.	5.03%

Rule 1006	Bases	Relative Figures
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable

Note:

- (1) The Net Profit of the assets to be acquired amounts to Rp 10,113,027,476, being 60% of the net profits of the Issuer of Rp 16,855,045,794 based on the Issuer's unaudited financial statements for FY2008 (or S\$1,330,662 converted based on exchange rate of approximately S\$1: Rp 7,600).

The Investment constitutes a Discloseable Transaction for the purposes of Chapter 10 of the Listing Manual.

## **B. Top Union Put and Call Options, Dornier Put and Call Options and Dornier Put Option**

### **1. Introduction**

The Company's subsidiary PT Batamindo Investment Cakrawala ("**PT BIC**") has on 22 July 2009 also entered into the following option agreements in relation to its shares ("**GPR Shares**") in its wholly-owned subsidiary GPR:

- (a) put and call option agreement ("**Top Union Put and Call Option Agreement**") with Top Union International Industrial Limited ("**Top Union**") in relation to the sale by PT BIC to Top Union of 49% of the GPR Shares;
- (b) put and call option agreement ("**Dornier Put and Call Option Agreement**") with Dornier Profits Limited ("**Dornier**") in relation to the sale by PT BIC to Dornier of 2% of the GPR Shares; and
- (c) put option agreement ("**Dornier Put Option Agreement**") with Dornier in relation to the sale by PT BIC to Dornier of up to 100% of the GPR Shares

(collectively, the "**Option Agreements**").

### **2. Certain terms of the Option Agreements**

#### **(a) Top Union Put and Call Option Agreement**

Under the Top Union Put and Call Option Agreement, subject to GPR owning the Convertible Bond, PT BIC has granted to Top Union a call option to require PT BIC to sell to it, and Top Union has granted to PT BIC a put option to require Top Union to purchase from it, such number of GPR Shares representing 49.0% of GPR's issued and fully paid up share capital ("**Top Union Put and Call Options**").

Subject to the terms of the agreement, the Top Union Put and Call Options are subject to PT BIC not exercising its option to put more than 51% of the GPR Shares on Dornier under the Dornier Put Option Agreement. The Top Union Put and Call Options may be exercised at any time during the period commencing on the date on which the Convertible Bond is issued and expiring on the date falling 6 months thereafter.

(b) Dornier Put and Call Option Agreement

Under the Dornier Put and Call Option Agreement, subject to GPR owning the Convertible Bond, PT BIC has granted to Dornier a call option to require PT BIC to sell to it, and Dornier has granted to PT BIC a put option to require Dornier to purchase from it, such number of GPR Shares representing 2.0% of GPR's issued and fully paid up share capital ("**Dornier Put and Call Options**").

Subject to the terms of the agreement, the Dornier Put and Call Options are subject to PT BIC not exercising its option to put more than 49% of the GPR Shares on Dornier under the Dornier Put Option Agreement. The Dornier Put and Call Options may be exercised at any time during the period commencing on the date on which the Convertible Bond is issued and expiring on the date falling 6 months thereafter.

(c) Dornier Put Option Agreement

Under the Dornier Put Option Agreement, subject to GPR owning the Convertible Bond, Dornier has granted to PT BIC a put option ("**Dornier Put Option**") to require Dornier to purchase from it up to 100% of the issued share capital of GPR.

In the event that the Top Union Put and Call Options and/or the Dornier Put and Call Options have been exercised, the Dornier Put Option shall only be in respect of the remainder of the GPR Shares after the exercise of the Top Union Put and Call Options and/or the Dornier Put and Call Options ("**Dornier Put Option Shares**"). The Dornier Put Option may be exercised at any time during the period commencing on the date on which the Convertible Bond is issued and expiring on the date falling 2 years thereafter.

**3. Purchase consideration under the Option Agreements**

The purchase consideration payable by Top Union on the exercise of a Top Union Put and Call Option is US\$9,800,000 (or approximately S\$14,268,800).

The purchase consideration payable by Dornier on the exercise of a Dornier Put and Call Option is US\$400,000 (or approximately S\$582,400).

The purchase consideration payable by Dornier on the exercise of the Dornier Put Option is the greater of (i) the principal amount of the Convertible Bond and (ii) the proforma or theoretical share of the Issuer's Revised Net Asset Value ("**RNAV**") assuming conversion of the Convertible Bond, unless an option under the Top Union Put and Call Option Agreement and/or the Dornier Put and Call Option Agreement has been exercised, in which case the purchase consideration shall be such percentage as is equal to the percentage which the Dornier Put Option Shares bears to GPR's entire issued share capital of the greater of (i) and (ii) above. The RNAV is based on the audited accounts of the Issuer for the most recent completed financial year immediately prior to the date of exercise as determined by the Issuer's auditors with inter alia market value adjustments to the assets.

Assuming the Dornier Put Option is exercised over all the GPR Shares and the purchase consideration payable is equal to the principal amount of the Convertible Bond, the purchase consideration payable on the exercise of the Dornier Put Option is US\$20,000,000 or approximately S\$29,120,000.

The purchase consideration under the respective Option Agreements was arrived at on a willing buyer, willing seller basis after taking into consideration, amongst others, the unaudited net tangible asset value of GPR, prospects of the Issuer and Issue Price of the Convertible Bond.

Based on the unaudited financial statements of GPR for FY2008, as at 31 December 2008, the aggregate book value of the GPR Shares was US\$1, the unaudited net tangible assets of GPR amounted to approximately US\$1 and the net profits of GPR for FY2008 was nil.

#### **4. Rationale for the Option Agreements**

Investment in the resources-related business is a new business venture for the Company and will require considerable time and effort to integrate into the Group's existing businesses. There is no certainty that the integration will complete successfully as planned. The Top Union Put and Call Options and the Dornier Put and Call Options provide the Company with the opportunity to divest part of its interest in the Convertible Bond through the GPR Shares.

The Top Union Put and Call Options and/or Dornier Put and Call Options, if completed, would leverage on the Salim Group's competency in mining-related businesses and facilitate the transfer of management knowhow to the Company.

The Dornier Put Option offers the Company the opportunity to sell the Convertible Bond should the Company decide not to proceed with its investment in Silo.

#### **5. Use of proceeds from exercise of the Options**

Assuming the Top Union Put and Call Options, the Dornier Put and Call Options and/or the Dornier Put Option (collectively, the "**Options**") are exercised over all the GPR Shares, the maximum net proceeds from the Options will approximately be equal to the

principal amount of the Convertible Bond and the current book value of the GPR Shares. The net proceeds are intended to be used for internal working capital.

**6. Relative Figures computed on the bases set out in Rule 1006 of the Listing Manual**

Rule 1006	Bases	Relative Figures		
		Top Union Put and Call Option Agreement	Dornier Put and Call Option Agreement	Dornier Put Option Agreement <sup>(1)</sup>
(a)	Net asset value of the assets to be disposed of <sup>(2)</sup> , compared with the Group's net asset value	0.24%	0.01%	0.49%
(b)	Net Profit of the assets to be disposed <sup>(2)</sup> compared with the Group's Net Profit for FY2008	3.64%	0.15%	7.42%
(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation as at 21 July 2009, being the last date on which the Company's shares were traded prior to the date of the Option Agreements.	2.46%	0.10%	5.03% <sup>(3)</sup>
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable.	Not applicable.	Not applicable.

Notes:

- (1) Assuming the Dornier Put Option is exercised over all the GPR Shares.
- (2) Assuming GPR has subscribed for the Convertible Bond, the net asset value of the assets to be disposed has been computed based on 60% of the net asset value of the Issuer (amounting to Rp45,931,472,140 or approximately S\$6,043,615 based on the exchange rate of approximately S\$1 : Rp7,600) and the Net Profit of the assets to be disposed has been computed based on 60% of the net profits of the Issuer (amounting to Rp10,113,027,476 or approximately S\$1,330,662 based on the exchange rate of approximately S\$1 : Rp7,600) based on the unaudited financial statements of the Issuer for FY2008.
- (3) Assuming the purchase consideration payable on exercise of the Dornier Put Option is equal to the principal amount of the Convertible Bond.

Accordingly, the Options constitute a Discloseable Transaction for the purposes of Chapter 10 of the Listing Manual.

## 7. Chapter 9 of the Listing Manual

Dornier has a direct and deemed interest in approximately 27.23% of the Company's total issued Shares. Dornier and Top Union are members of the Salim Group,<sup>2</sup> a controlling shareholder of the Company.

Accordingly, the Top Union Put and Call Options, the Dornier Put and Call Options and the Dornier Put Option are interested person transactions for the purposes of Chapter 9 of the Listing Manual.

Based on the audited consolidated financial statements of the Group for FY2008, the Group's latest audited net tangible assets ("**Group NTA**") was S\$1,245,038,000 as at 31 December 2008. Assuming the Options are exercised over all the GPR Shares on the date of this announcement, the maximum purchase consideration payable on exercise of the Options, in aggregation with the other interested person transactions entered into between the Group and the Salim Group in the current financial year ended 31 December 2009, is less than 3% of the Group NTA.

Prior to the exercise by PT BIC of any put option under the respective Option Agreements, the Company will seek shareholders' approval if required under Rule 906 or Rule 1014 (read with Rule 1006) of the Listing Manual.

## C. Financial Effects of the Investment and Options (collectively "Proposed Transactions")

For purposes of illustration, the financial effects set out below are based on, amongst other things, the assumptions below. The financial effects do not represent the actual financial position and or results of the Group's operations after completion of the Proposed Transactions and are not indicative of the future financial position and earnings of the Group.

The analysis below has been prepared on the following bases and assumptions:

- (a) based on the audited consolidated financial statements of the Group for FY2008;
- (b) based on 2,412,482,556 shares of the Company ("**Shares**") in issue as at 31 December 2008;
- (c) the investment is funded with internally generated cash;
- (d) GPR has not exercised the conversion of the Convertible Bond;

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<sup>2</sup> "Salim Group" means Anthoni Salim and the group of companies controlled by him or, if the context requires, Anthoni Salim.

(e) the US\$ / S\$ exchange rate for the Proposed Transactions is US\$1:S\$1.456; and

(f) there is no capital gain tax on the exercise of Options.

### 1. Financial effects on net tangible asset (“NTA”) per Share

The effect of the Proposed Transactions on the NTA per Share, assuming they had been effected on 31 December 2008 is set out below.

	Group (FY2008)	Immediately after the Investment	Immediately after the Options		
			Assuming only the Top Union Put and Call Option is exercised	Assuming only the Dornier Put and Call Option is exercised	Assuming that the Options are exercised in full over all the GPR Shares
NTA (S\$ '000)	1,245,038,000	1,245,038,000	1,245,038,000	1,245,038,000	1,245,038,000
NTA per Share (cents)	51.61	51.61	51.61	51.61	51.61

### 2. Financial effects on earnings and earnings per Share (“EPS”)

The effect of the Proposed Transactions on the earnings and EPS of the Group, assuming they had been effected on 1 January 2008 is set out below.

	Group (FY2008)	Immediately after the Investment	Immediately after the Options		
			Assuming only the Top Union Put and Call Option is exercised	Assuming only the Dornier Put and Call Option is exercised	Assuming that the Options are exercised in full over all the GPR Shares
Profit/(Loss) attributable to shareholders of the Company (S\$ '000) <sup>(a)</sup>	557,000	353,160	453,042	357,237	557,000
EPS (cents)	0.02	0.01	0.02	0.01	0.02

Note:

(a) Profit/(Loss) attributable to shareholders of the Company has been adjusted to take into account interest income foregone for using internally generated cash to fund the investment. Interest rate used is 0.7% and exchange rate used is US\$1 : S\$1.4560.

### 3. Gain / Loss on disposal

If the Options are exercised over all the GPR Shares, it may result in foreign currency translation gain / loss on the US\$ receipts.



**D. Certain other information**

**1. Interest of directors of the Company (“Directors”) and controlling shareholders**

As stated above, Dornier and Top Union are members of the Salim Group, a controlling shareholder of the Company.

Mr Eugene Cho Park, the chief executive officer of the Company, is a director of Dornier and of Parallax Capital Management Pte Ltd (“**PCM**”). Mr Eugene Cho Park and his brother hold the entire issued share capital of PCM. PCM is deemed to be interested in the Shares of the Company in which Dornier has an interest. As stated above, Dornier has a direct and deemed interest in approximately 27.23% of the Company’s total issued Shares.

Save as disclosed in this announcement, none of the Directors has any interest, direct or indirect, in the Proposed Transactions and (so far as the Directors are aware) none of the controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Transactions.

**2. Documents available for inspection**

Copies of the Subscription Agreement, the Top Union Put and Call Option Agreement, the Dornier Put and Call Option Agreement and the Dornier Put Option Agreement are available for inspection during normal business hours at the registered office of the Company at 991A Alexandra Road, #02-06/07, Singapore 119969, for a period of three (3) months commencing from the date of this announcement.

By Order of the Board  
Gallant Venture Ltd.  
Choo Kok Kiong  
Company Secretary

22 July 2009

**Summary of certain terms and conditions of the Convertible Bond**

Issuer	:	PT Sebuk Iron Lateritic Ores
Issue Size	:	Convertible Bond in principal amount of US\$20,000,000.
Issue Date	:	The date determined by the Issuer, which shall be on a business day no later than 2 months after the date of the Subscription Agreement (“ <b>Issue Date</b> ”).
Issue Price	:	At par
Conversion Right	:	<p>Subject to the terms of the Subscription Agreement, the Convertible Bond may be converted in whole or in part by the holder of the Convertible Bond at any time during the Conversion Period (as defined below). On conversion of the Convertible Bond in whole, the Issuer shall issue such number of ordinary shares of nominal value Rupiah 1,000,000 each (“<b>Conversion Shares</b>”) comprising no less than 60% of the enlarged issued and paid-up ordinary share capital of the Issuer after conversion.</p> <p>The Conversion Shares shall rank pari passu in all respects with other shares of the same class in the capital of the Issuer except as provided for the Subscription Agreement.</p>
Conversion Period	:	Commencing on the Issue Date and ending on the date falling 1 week prior to the Maturity Date (“ <b>Conversion Period</b> ”).
Maturity Date	:	The date falling 2 years after the Issue Date.
Redemption	:	Subject to the terms of the Subscription Agreement, the Issuer shall redeem the Convertible Bond on the Maturity Date by paying, inter alia, the principal amount outstanding.
Appointment of board representatives	:	Subject to the terms of the Subscription Agreement, the appointment of 60% of the composition of the Board of Commissioners of the Issuer and 60% of the composition of the Board of Directors of the Issuer, in each case nominated by GPR, within 1 month after the payment of the principal amount of the Convertible Bond to the Issuer.

Proceeds from subscription of Convertible Bond : The proceeds from the subscription of the Convertible Bond shall be used for the Issuer's general company purposes.