

GALLANT VENTURE LTD

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EXTENSION OF CONVERTIBLE BOND ISSUED BY PT ALAM INDAH BINTAN TO VERIZON RESORTS LIMITED

1. Introduction

The Board of Directors of Gallant Venture Ltd ("**Company**") wishes to announce that the Company's subsidiary, Verizon Resorts Limited ("**VRL**"), has agreed to extend the tenure of a convertible bond in the principal amount of S\$47,500,000 ("**PT AIB Convertible Bond**") issued by PT Alam Indah Bintan ("**PT AIB**") on 1 January 2005, for another year from current expiry date of 31 December 2012 to 31 December 2013 ("**Extension**").

2. PT AIB Convertible Bond

In 31 December 2011, VRL extended the tenure of the PT AIB Convertible Bond for a further one year expiring 31 December 2012. Under the terms of the extension, a loan in the principal amount of S\$47,500,000 owing from PT AIB to VRL is convertible at the option of VRL into shares in the capital of PT AIB at the par value of each PT AIB share of US\$1. Interest on the loan is at the rate of 4.6% above the Singapore Inter-bank Offer Rate (SIBOR) on a quarterly basis per annum.

The amount outstanding under the PT AIB Convertible Bond as at the date of this announcement is S\$47,500,000 ("**Present Outstanding Amount**"), assuming the conversion in full of the Present Outstanding Amount, this would result in VRL holding approximately 47.4% of the enlarged issued share capital of PT AIB¹. In that event, PT AIB will become an associated company of VRL.

3. Extension of PT AIB Convertible Bond

Under the terms of the new Extension, the due date for settlement of the outstanding amount under the PT AIB Convertible Bond is extended from 31 December 2012 to 31 December 2013. The interest on the loan for the extended tenure will at the rate of 4.6% above SIBOR and payable on a quarterly basis per annum.

4. Certain information on PT AIB

PT AIB is a company incorporated in Indonesia and is involved in the management of hotels and owns the Nirwana Garden Resort in Bintan, Indonesia. Based on the audited financial statements of PT AIB for the financial year ended 31 December 2011 provided by PT AIB, the net tangible liabilities was S\$40,004,201 and net loss was S\$3,561,025.

¹ Throughout this announcement, unless otherwise indicated, the following exchange rates have been assumed: US\$1:S\$1.219.

5. Rational for Extension

PT AIB is currently loss-making and the Company believes that it would not be in VRL's or the Company's interests to acquire the shareholding interest in PT AIB by converting the Present Outstanding Amount into PT AIB shares. This extension will give VRL the opportunity to convert the PT AIB Convertible Bond in the near future when PT AIB is profitable and at the same time the option of partial repayment or redemption of the PT AIB Convertible as shown in the past.

6. Interested Person Transaction

The issued share capital of PT AIB is held as to 35% by Verizon Land Ltd and 65% by Pulau Holdings Pte Ltd and both are indirect wholly-owned subsidiaries of Dornier Profits Limited, a member of the Salim Group², a controlling shareholder of the Company. Accordingly, the Extension is an interested person transaction for the purposes of Chapter 9 of the Listing Manual.

Based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2011 ("**FY2011**"), the Group's latest audited net tangible assets ("**Group NTA**") was S\$1,253,141,000 as at 31 December 2011. The principal and interest payable for the PT AIB Convertible Bond after taking into account of the extension and the prevailing SIBOR is approximately S\$53,428,507 which is approximately 4.26% of the Group NTA. As such, shareholders' approval is not required for the Extension.

7. Current Total of Interested Person Transactions for the Financial Year

The aggregate value of interested person transactions conducted under the Company's shareholders' mandate pursuant to Rule 920 of the Listing Manual, entered into by the Group with the Salim Group for the latest audited financial year ended 31 December 2011 was S\$6,374,955 and including the Extension was approximately S\$59,803,462. The aggregate value of all interested person transactions entered into by the Group for the financial year ended 31 December 2011 conducted under the Company's shareholders' mandate pursuant to Rule 920 of the Listing Manual was S\$9,309,261 and including the Extension was approximately S\$62,737,768.

8. Audit Committee

The Audit Committee of the Company is of the view that the Extension is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

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

Choo Kok Kiong
Company Secretary

31 December 2012

² "Salim Group" means Anthoni Salim and the group of companies controlled by him or, if the context requires, Anthoni Salim