

GALLANT VENTURE LTD

Registration Number: 200303179Z

991A Alexandra Road #02-06/07
Singapore 119969

Tel +65 63893535
Fax +65 63967758

www.gallantventure.com



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 the current expiry date of 31 December 2014 to 31 December 2015 ("**2014 Extension**").

2. PT AIB Convertible Bond

In December 2013, VRL extended the tenure of the PT AIB Convertible Bond for a further year from 31 December 2013 to 31 December 2014 ("**2013 Extension**"). Under the terms of the 2013 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 4.75% 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**"). As at the date of this announcement, assuming the conversion in full of the Present Outstanding Amount and based on the current issued share capital of PT AIB, conversion of the Present Outstanding Amount would result in VRL holding approximately 45.7% 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 2014 Extension, the due date for settlement of the outstanding amount under the PT AIB Convertible Bond is extended from 31 December 2014 to 31 December 2015. The interest on the loan for the extended tenure will be at the rate of 4.75% 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. The Company understands that the net tangible liabilities of PT AIB was approximately S\$47.04 million as at 31 December 2013 and that PT AIB recorded a net loss of approximately S\$3.62 million for the financial year ended 31 December 2013.

¹ Throughout this announcement, unless otherwise indicated, the following exchange rates have been assumed: US\$1:S\$1.31

5. Rationale for the 2014 Extension

Currently, PT AIB is loss-making and the Company believes that it would not be in VRL's or the Company's interests to acquire a shareholding interest in PT AIB by converting the Present Outstanding Amount into PT AIB shares. The 2014 Extension will give VRL the opportunity to explore its options including partial repayment or redemption of the PT AIB Convertible Bond or conversion of the PT AIB Convertible Bond at such time in the future, possibly where PT AIB is no longer loss-making.

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. Verizon Land Ltd and Pulau Holdings Pte Ltd are both indirect wholly-owned subsidiaries of Dornier Profits Limited, which is a member of the Salim Group², a controlling shareholder of the Company. Accordingly, the 2014 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 2013 ("FY2013"), the Group's latest audited net tangible assets ("Group NTA") was S\$2,002,375,000 as at 31 December 2013. The principal and interest payable for the PT AIB Convertible Bond after taking into account the 2014 Extension and the prevailing SIBOR is approximately S\$55,525,060, which is approximately 2.77% of the Group NTA. As such, shareholders' approval is not required for the 2014 Extension.

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

Other than interested person transactions the value of which is below S\$100,000 and transactions conducted under the Company's shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual:

- (i) the current total of all transactions entered into by the Group with the Salim Group from 1 January 2014 to 31 December 2014 and the 2014 Extension is S\$55,525,060; and
- (ii) the current total of all interested person transactions entered into by the Group from 1 January 2014 to 31 December 2014 and the 2014 Extension is S\$55,525,060.

8. Audit Committee

The Audit Committee of the Company is of the view that the 2014 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

CHOO KOK KIONG
EXECUTIVE DIRECTOR AND COMPANY SECRETARY
31 DECEMBER 2014

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