GALLANT VENTURE LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No: 200303179Z)

EXIT BY THE GALLANT GROUP OF ITS INVESTMENT IN THE LAO XI MEN PROJECT

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1. Introduction

The Board of Directors of Gallant Venture Ltd (the “**Company**” or “**GV**” and together with its subsidiaries, the “**Group**” or “**GV Group**”) wishes to announce that the GV Group is exiting its investment in the Lao Xi Men Project and will receive proceeds of an aggregate of US$330 million, details of which are set out below.

GV has on today entered into an agreement (“**Agreement**”) with Universal Global Invest Limited (“**Universal Global**”) and Market Strength Limited (“**Market Strength**”), relating to, *inter alia*, the disposal by GV of its entire holding of 202,500,000 warrants issued by Market Strength (“**Warrants**”) to Universal Global. Pursuant to the terms of the Agreement, the US$202.5 million principal amount of notes issued by Market Strength (“**Notes**”) which are held by PT Batamindo Investment Cakrawala (“**PT BIC**”), a subsidiary of GV, will be redeemed ahead of the maturity date of the Notes in February 2018 (collectively together with the aforementioned disposal, the “**Transaction**”).

Market Strength has an effective interest of approximately 47.7% in Shanghai Wanye Enterprises Lao Xi Men Real Estate Development Co., Ltd ("**Shanghai Project Co**") which owns the property development project located in Lao Xi Men, Shanghai, PRC ("**Lao Xi Men Project**").

2. Overview of the Transaction

2.1 Under the terms of the Agreement, Universal Global has agreed to subscribe for bonds in Market Strength with a principal amount of US$326.9 million (“**New MSL Bonds**”) in cash and purchase the Warrants from GV at an aggregate cash consideration of US$3.1 million. The proceeds of the subscription of the New MSL Bonds will be utilised by Market Strength to redeem the Notes held by PT BIC and to pay to PT BIC the interest accrued in respect of the Notes as well as expenses and receivables owing by Market Strength to the GV Group.

2.2 The Transaction will be undertaken in tranches. In respect of the first tranche, (“**Tranche 1**”), Universal Global shall subscribe for New MSL Bonds with a principal amount of US$143.64 million and purchase from GV 88,977,273 Warrants at a cash consideration of US$1.36 million. The proceeds of the subscription of the New MSL Bonds in Tranche 1 will be utilised to redeem US$88.98 million principal amount of the Notes held by PT BIC and to pay to PT BIC an amount of US$54.66 million for the interest accrued in respect of the Notes as well as expenses and receivables owing by Market Strength to the GV Group. Completion of Tranche 1 will take place on 29 April 2016.

2.3 Universal Global shall subscribe for the remaining New MSL Bonds and purchase from GV the remaining Warrants in subsequent tranches on dates to be agreed by the parties. In any event, all the New MSL Bonds shall be subscribed for (and consequently, the Notes held by PT BIC shall be redeemed and payment made in respect of interest accrued on the Notes as well as expenses and receivables) and all the Warrants shall be acquired by Universal Global by 30 April 2017 or such other date agreed to by the parties.

2.4 The total amount payable by Universal Global for the subscription of the New MSL Bonds and the acquisition of the Warrants from GV was negotiated at arms-length and arrived at on a willing seller willing buyer basis, taking into account the principal amount of the Notes to be redeemed, accrued interest in respect of the Notes and expenses and receivables incurred by Market Strength paid on its behalf by the GV Group.

2.5 Universal Global is a Hong Kong based investment company with diversified investments in property related businesses in China. Its investments include commercial, office and retail projects in first tier cities like Shanghai.

3. Rationale for the Transaction

3.1 In 2010, when the Group subscribed for the Notes and Warrants, it had expected that the Warrants would only be exercised after the Lao Xi Men Project has been completed and is generating income. The Group had anticipated that the Lao Xi Men Project will complete by 2016/2017 but with challenging market conditions and changes in local rules relating to the PRC property market, the Lao Xi Men Project is now expected to complete after 2018, which will fall after the maturity date of the Notes and the expiry date of the Warrants.

3.2 With the delays in the projected completion of the Lao Xi Men Project, the Group now wishes to dispose of this non-core asset, so as to reduce the overall gearing of the Group and thereby strengthen its balance sheet.

4. Use of Proceeds from the Transaction

The proceeds from the Transaction will be utilised to reduce the Group’s borrowings as well as for other general corporate purposes.

5. Relative figures under Chapter 10 of the Listing Manual

5.1 The relative figures computed on the following bases set out in Rules 1006(a), 1006(b) and 1006(c) of the listing manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") are as follows:

(i) the net asset value ("**NAV**") of the assets to be disposed of, compared with the Group's NAV;

(ii) the net profits attributable to the assets to be disposed, compared with the Group's net profits; and

(iii) the aggregate value of the consideration received, compared with Group's market capitalisation.

5.2 Rules 1006(d) and 1006(e) of the Listing Manual are not applicable.

5.3 Assuming the aggregate amount receivable by the Group for the redemption of the Notes and related payment of interest, expenses and receivables and for the disposal of the Warrants to be the consideration for the Transaction, the relative figures for the Transaction using the applicable bases of comparison described above is set out in the table below:

Rule	**Comparison of:**	**Notes and Warrants (S$' million)**	**The Group (S$' million)**	**Relative figure (%)**
1006(a)	The net asset value of assets being disposed of, compared with the Group's net asset value(1)	447.19(2)	2,034.24	21.98%
1006(b)	The net profits/(loss) attributable to the assets disposed of, compared with the Group's net (loss)(3)	(1.89)(4)	(98.99)	1.91%
1006(c)	The aggregate value of consideration received, compared with the issuer's market capitalisation	445.30(5)	1,056.67(6)	42.14%

Notes:

(1) "Net asset" means total assets less total liabilities.

(2) The net asset value of the Notes and Warrants is based on the principal amount of the Notes, accrued interest and expenses incurred by Market Strength paid on its behalf by the Group.

(3) "Net profits" or "net loss" means profit or loss before income tax, minority interest and extraordinary items respectively.

(4) Based on the exchange rate of US$1:S$1.3494 as at 22 April 2016, the net loss attributable to the Notes and Warrants is S$1.89 million.

(5) Based on the aggregate consideration of US$330 million, which is equivalent to approximately S$445.3 million (based on the exchange rate of US$1:S$1.3494 as at 22 April 2016).

(6) Based on the market capitalisation of the Company of approximately S$1,056.67 million, which is determined by multiplying 4,824,965,112 (being the existing number of issued shares in the Company excluding treasury shares) by S$0.219 (being the weighted average price of the Company's shares transacted on 22 April 2016).

Under Rule 1014 of the Listing Manual, where any of the relative figures computed on the bases above exceeds 20%, the transaction is classified as a major transaction which would require, *inter alia*, the approval by shareholders in general meeting.

The Company has today obtained a waiver from the SGX-ST in respect of the requirement to obtain the approval of the shareholders in general meeting for the Transaction on the basis that:

(a) the Transaction involves a disposal of non-core assets of the Group and does not affect the nature of the Group's core business;

(b) certain controlling shareholders of the Company, namely Parallax Venture Partners XXX Ltd, Dornier Profits Limited and PT Elitindo Citralestari, which have an aggregate shareholding interest of approximately 74.5% in the Company, have undertaken to vote all their shares in favour of the Transaction at any shareholders' meeting convened for such purpose (the "**Undertakings**"); and

(c) it is in the interests of the Company and its shareholders to avoid incurring costs and expenses in convening a shareholders' meeting to vote on the Transaction.

The waiver by the SGX-ST was granted subject to:

(a) the Company announcing that such waiver has been granted; and

(b) the Company submitting to the SGX-ST:

    (i) a written confirmation that the waiver does not contravene any laws and regulations governing the Company and the constitution of the Company; and

    (ii) the Undertakings.

6. Certain financial effects of the Transaction

The tables below set out the financial effects of the Transaction on the net tangible assets ("**NTA**") per share and earnings per share ("**EPS**") for FY2015.

The financial effects of the Transaction set out below are for illustrative purposes only and are not intended to reflect the actual future financial performance or position of the Group immediately after the completion of the Transaction and are based on the audited consolidated financial statements of the Group for FY2015.

6.1 Net Tangible Assets per Share

Assuming that the entire Transaction had been completed on 31 December 2015, the NTA per share of the Group would be as follows:

	Before the Transaction	**After the Transaction**
NTA (S$'000)	2,034,235	2,032,346
Number of issued shares ('000)	4,824,965	4,824,965
NTA per share (S$)	0.42	0.42

6.2 Earnings per Share

Assuming that the entire Transaction had been effected on 1 January 2015, the EPS for FY2015 of the Group would be as follows:

	Before the Transaction	**After the Transaction**
Profit/(loss) attributable to equity holders of Company (S$'000)	(107,548)	(109,437)
Weighted average number of issued shares ('000)	4,824,965	4,824,965
EPS (Singapore cents)	(2.229)	(2.268)

Note:

Based on the exchange rate of US$1:S$1.3494 as at 22 April 2016, the Group will record a net loss of approximately S$1.9 million from the Transaction.

6.3 Gearing

Assuming that the entire Transaction had been completed on 31 December 2015 and the entire consideration for the Transaction was utilised to reduce the Group's borrowings, the gearing of the Group would be as follows:

	Before the Transaction	After the Transaction
Gearing[1]	1.40	1.14

Note:

(1) Computed based on total borrowings divided by equity attributable to equity holders of the Company.

7. Directors' Opinion; Interests of Directors of the Company and Controlling Shareholders

The Board of Directors is of the unanimous opinion that the Transaction is in the interests of the Company and its shareholders.

None of the Directors of the Company or controlling shareholders of the Company have any direct or indirect interest in the Transaction.

8. Document available for inspection

A copy of the Agreement will be available for inspection during normal business hours at the Company's registered office 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
Executive Director and Company Secretary

25 April 2016