



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**") wishes to announce that it is in discussions with certain shareholders of Singapore-Bintan Resort Holdings Pte Ltd ("**SBRH**" or the "**Target**"), namely, 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**") to acquire an aggregate of 66.25% shares in SBRH (including their respective shareholders' loans and related accrued interest thereon) (the "**Sale Securities**") for a total consideration of approximately S\$4.94 million (the "**Purchase Consideration**") (the "**Proposed Acquisition**").

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. PROPOSED ACQUISITION

To date, the Company has received indications from all of the SBRH Selling Shareholders that they are accepting the Company's proposal to acquire their respective Sale Securities (the "**Proposal**"), subject to terms and conditions to be agreed.

The Company has 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 PT BRC (as defined below) group. The Purchase Consideration constitutes 66.25% of approximately S\$7.46 million.

It is proposed that the entire Purchase Consideration shall be satisfied in full by the issue of 38,306,923 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 Company² immediately after completion of the Proposed Acquisition, 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).

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

² For the purposes of this Announcement, the enlarged total number of issued Shares in the capital of the Company immediately after completion of the Proposed Acquisition comprises 5,463,155,284 Shares (excluding treasury shares).

The Proposed Acquisition is subject to various conditions, including the entry into of definitive agreements with the respective SBRH Selling Shareholders (the "**Definitive SPA**").

3. INFORMATION ON SBRH

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 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**"), a company incorporated in Indonesia. The remaining 86.77% shares in PT BRC is held by the Group.

SBRH has been loss-making since inception. As at 31 December 2019, SBRH had a deficit in the shareholders' equity amounting to approximately S\$10.9 million and its total and current liabilities exceeded its total and current assets by approximately S\$10.9 million. Based on SBRH's audited financial statements as at 31 December 2019, it recorded net losses of approximately S\$19,000 for the financial year ended 31 December 2019.

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.

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. FINANCIAL IMPACT OF THE PROPOSED ACQUISITION

The Purchase Consideration constitutes approximately 0.70% of the Company's market capitalisation as at 22 January 2021, based on the volume weighted average price of S\$0.1310 per Share on 22 January 2021, being the market day preceding the date of this Announcement.

The Proposed Acquisition, if completed, is not expected to have any material impact on the net tangible assets or earnings per Share of the Company for the current financial year ending 31 December 2021.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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).

7. FURTHER ANNOUNCEMENTS

The Company will make further announcements to update its shareholders on the Proposed Acquisition when there are material updates as may be necessary or appropriate.

There is no assurance or certainty that the Definitive SPA will be entered into with the SBRH Selling Shareholders, or that the Proposed Acquisition will materialise or otherwise proceed in due course. Shareholders and other investors are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in such securities.

BY ORDER OF THE BOARD
GALLANT VENTURE LTD.

Choo Kok Kiong
Executive Director and Company Secretary
25 January 2021