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Miscellaneous	
* Asterisks denote mandatory information	
Name of Announcer *	GALLANT VENTURE LTD.
Company Registration No.	200303179Z
Announcement submitted on behalf of	GALLANT VENTURE LTD.
Announcement is submitted with respect to *	GALLANT VENTURE LTD.
Announcement is submitted by *	Foo Soon Soo
Designation *	Company Secretary
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>> Announcement Details
 The details of the announcement start here ...

Announcement Title *	Announcement Relating to Gallant Subsidiaries
Description	Please see attached.
Attachments:	 GV PT Rafflesia 2April07.pdf Total size = 73K (2048K size limit recommended)

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GALLANT VENTURE LTD

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RE: ANNOUNCEMENT RELATING TO GALLANT SUBSIDIARIES

Reference is made to Gallant Venture Ltd.'s announcement of 26 March 2007.

- (1) The suit ("Suit") by PT Raflesia Matrawisata ("PT Raflesia") is against five defendants, namely, the Gallant subsidiaries, PT Buana Megawisatama ("PT BMW") and PT Bintan Resort Cakrawala ("PT BRC") (together the "Gallant Subsidiaries", which expression may where applicable mean one or both of them); PT Bintan Lagoon Resort; Badan Pertanahan Nasional (the Indonesian National Land Office) and Badan Pertanahan Nasional Cq Kantor Pertanahan Kabupaten Kepulauan Riau (the Bintan Land Office). It appears that the Suit was filed in the Tanjung Pinang District Court in Bintan.

The Tanjung Pinang District Court first informed the Gallant Subsidiaries of details of the Suit after the registration of the Prospectus for Gallant's listing. The Gallant group maintains that the Suit is frivolous, vexatious and has no legal merits. In any event, the Gallant group maintains that the Prospectus does not contravene the legal requirements and that it has met the applicable legal requirements.

- (2) As disclosed in the Prospectus, Gallant acquired its interest in PT BMW and PT BRC shortly prior to the registration of the Prospectus pursuant to a sale and purchase agreement with Parallax Venture Partners XXX Limited ("PVP"), which is a substantial shareholder of Gallant. Under this agreement, Gallant obtained warranties and undertakings from PVP. These included warranties as to ownership and title to all the lands acquired including the lands concerned and an indemnity from PVP. PVP has confirmed that it will indemnify Gallant in full for any losses or damages suffered as a result of this Suit. The Gallant Subsidiaries will however continue to vigorously defend the Suit as they are named defendants. All costs incurred by them in this respect will be borne by PVP. Therefore, the Gallant group will not have any adverse financial exposure to the Suit.
- (3) The claim by PT Raflesia for material losses of approximately 57 billion Rupiah (equivalent to approximately S\$9.5 million) is for alleged loss of rental income for land with an area of 115,080 square metres, on which the Bintan Lagoon Resort Hotel is located. This hotel and the buildings on the said land are owned by PT Bintan Lagoon Resort, which is not part of the Gallant group. Further, the Gallant group has no ownership interest in PT Bintan Lagoon Resort. Accordingly there is no basis for PT Raflesia to claim against the Gallant group.
- (4) Gallant takes this opportunity to provide more information on certain of the historical background to this matter:

In 1985, a Riau Governor decree was issued allocating certain land in Bintan for the purpose of tourism. In 1987, a decree was issued by the Bintan regional head (*Bupati*)

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allocating the land in Bintan as specified in the Riau Governor decree (1985) for purpose of tourism. Both decrees forbade any land transactions (including the sale or purchase of land), constructions, alterations or expansions of any buildings, and damage of the environment of the allocated land, unless a permit issued by the Bintan Regional Head (*Bupati*) was obtained.

In 1990, the Riau Governor issued a decree appointing and allocating 19,000 hectares of land in Northern Bintan to the Gallant Subsidiaries for the purpose of integrated tourism resort. In 1990, a Bupati decree was issued to further enforce and implement the 1990 Riau Governor Decree. The Bupati decree:

- stipulates the supervision and security of the allocated land; dictates all land and buildings to be cleared in the allocated area;
- forbids the following, except with a permit issued by the regional head of Bintan (*Bupati*):
 - sale and purchase of any land and buildings;
 - new issuance of land-rights;
 - new certification of land titles;
 - new development, renovation, expansion of building; and
 - damaging of the environment;
- instructs various related authorities to execute this decree.

The land which is the subject of the Suit forms part of such 19,000 hectares. Such land represents only approximately 0.5% of the group's land portfolio. Under the 1990 decrees, the allocated area was reserved for use exclusively for tourism, infrastructure and/or residential purposes. As such, any other business uses on the land were no longer permitted. The Gallant Subsidiaries were required to submit a masterplan of the lands to the authorities for their approval, before any usage of the land could be undertaken. The Gallant Subsidiaries were also required to report and work with a special team formed by the government for the purpose of land clearance (ie, resettlement of persons living on the land) and resettlement before any land clearance and resettlement could proceed. Land clearance and resettlement was to be undertaken on land that had people living on it. The compensation to be paid to such persons for resettlement was regulated by the government. In the case of businesses, the Gallant Subsidiaries were to deal with the relevant government authorities.

In 1992, the Riau Governor issued a decree granting a Location Permit (*Ijin Lokasi*) and permits to conduct land clearance for approximately 23,000 hectares of land in Northern Bintan to the Gallant Subsidiaries for the purpose of development of integrated tourism resort. This decree stipulates that land clearance is to be done with the aid of a special team (*Tim Sembilan*) formed by the government. Compensation for land clearance is to be

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regulated by the regional head of Bintan (*Bupati*). This decree also allows the Gallant Subsidiaries to apply for land certificate(s) for all lands that have been cleared. It is important to note that under Indonesian law, such land title certificates are conclusive evidence of title.

Given that the relevant land had been specifically allocated to the Gallant Subsidiaries by official decrees, no party other than the Gallant Subsidiaries were issued Ijin Lokasi for such land. The fact is that the Gallant Subsidiaries hold land title certificates (*Hak Guna Bangunan*) issued by the competent Indonesian authority for the land (ie, the National Land Office). At no time has PT Raflesia substantiated its claim by producing any land title certificates in respect of any of the lands. The Gallant Subsidiaries properly obtained title to the land from the Indonesian government.

It is not uncommon for the Gallant group, like other large landowners, from time to time to receive or deal with claims by parties for ownership of land or resettlement compensation. However in the case of the Gallant group, this is limited to individuals living on the land. The Gallant group believes that such claims are to be viewed in the context of the fact that as a result of the decrees allocating to the Gallant group the lands in Northern Bintan, and the group's subsequent significant investments in the area, such lands have increased substantially in value. Further, it was publicly known that the Gallant Subsidiaries were obliged to resettle villagers residing on the lands. The Gallant group would in the normal course evaluate such claims and may engage in discussions with the parties concerned, as is customary under Indonesian norms and practices, to seek to achieve an amicable settlement. The Gallant group would however have to make a judgment as to whether, inter alia, a particular claim has basis and justification or is frivolous and/or groundless.

By Order of the Board

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

2 April 2007

The listing exercise of Gallant was sponsored by Asian Corporate Advisors Pte. Ltd. and Genesis Capital Pte. Ltd. (collectively, the "Managers"). The Managers assume no responsibility for the contents of this announcement.