



Announcement

Gallant refers to the article which appeared in the Business Times today entitled “Gallant needs to shed light on its land dispute” (“10 Feb 2009 Article”).

The article states that last month BT obtained a court document which showed that Gallant’s subsidiaries amongst others had lost a land dispute lawsuit to PT Raflesia Matrawista and that Gallant has not clarified its side of the story. The 10 Feb 2009 Article was preceded by BT’s report of 22 January 2009 on the matter entitled “Gallant subsidiaries lose Bintan resort lawsuit” (“22 Jan 2009 Article”).

As announced by Gallant previously, the suit by PT Raflesia is against five defendants including two Gallant subsidiaries, and 2 Indonesia government agencies namely the Indonesian National Land Office and the Bintan Land Office. Gallant’s subsidiaries have not been served with any decision of the Supreme Court of Indonesia on this case. We understand from our Indonesian lawyers that the proper procedure includes the relevant courts duly serving the original signed decision on the respective parties. Because of the involvement of government institutions it is extremely important to follow proper Indonesia legal procedure. Accordingly, Gallant is not in the position to comment on the outcome of the suit until the Court’s decision has been duly served. After the 22 Jan 2009 Article, Gallant spoke to the BT reporter and asked how she obtained the court documents, but she declined to reply to our query.

The quantum of the claim by PT Raflesia against the 5 defendants is less than S\$10 million which represents less than 1% of Gallant’s NTA of approximately S\$1.249 billion. As Gallant has announced previously, the Gallant group would not have any adverse financial exposure to the suit with PT Raflesia. Furthermore, Gallant’s substantial shareholder, Parallax Venture Partners XXX Limited (“Parallax”) has confirmed that it will indemnify Gallant in full for losses suffered as a result of the suit and all costs incurred by the Gallant subsidiaries in this respect will be borne by Parallax.

The 10 Feb 2009 Article states that the share price of Gallant fell on 9 Feb 2009; it refers to the “unusual behaviour of the stock yesterday” and then states that “for one, there remains uncertainty over Gallant’s ownership ofthe land in dispute”. Whether there is any linkage between the suit and the fall in Gallant’s share price is a matter of speculation. This is because after BT’s 22 Jan 2009 Article, Gallant’s share price actually increased from the closing price of 14 cents per share on 22 Jan 2009 to 15 cents on 23 Jan 2009 and continued to trade at closing prices above 14 cents up to even the first week of February 2009.

By Order of the Board

Choo Kok Kiong
Company Secretary
10 February 2009