



**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\$62,045,922 ("**PT AIB Convertible Bond**") issued by PT Alam Indah Bintan ("**PT AIB**") from 31 December 2009 to 31 December 2010 ("**Extension**").

2. PT AIB Convertible Bond

PT AIB had on 1 January 2005 issued the PT AIB Convertible Bond to VRL. Under the terms of the PT AIB Convertible Bond, a loan in the principal amount of S\$62,045,922 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 1.5% above the Singapore Inter-bank Offer Rate (SIBOR) on a quarterly basis per annum.

Following repayment by PT AIB of interest and principal amounting to approximately S\$13.3 million, the amount outstanding under the PT AIB Convertible Bond as at the date of this announcement is S\$60,000,000 ("**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 49.82% of the enlarged issued share capital of PT AIB.¹ In that event, PT AIB will become an associated company of VRL.

3. Extension of PT AIB Convertible Bond

Under the terms of the Extension, the due date for settlement of the outstanding amount under the PT AIB Convertible Bond is extended from 31 December 2009 to 31 December 2010, and the interest on the loan for the extended tenure will be at the rate of 1.75% above SIBOR 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.

Based on the audited financial statements of PT AIB for the financial year ended 31 December 2008 provided by PT AIB, the net tangible liabilities of PT AIB as at 31 December 2008 was Rp(255,064,887,000) (or approximately S\$(33,858,698) based on the average exchange rate of approximately S\$1 : Rp7,533) and the net losses of PT AIB for the financial year ended 31

¹ Throughout this announcement, unless otherwise indicated, the following exchange rates have been assumed:
US\$1 : S\$1.4



December 2008 amounted to Rp(120,668,859,000) (or approximately S\$(1,591,414) based on the average exchange rate of approximately S\$1 : Rp7,582).

5. Rationale for Extension

VRL has been in discussions with PT AIB regarding the repayment of the outstanding amounts under PT AIB Convertible Bond. Prior to the Extension, PT AIB had repaid approximately S\$13.3 million of the amount outstanding under the PT AIB Convertible Bond. PT AIB is currently 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 Extension gives VRL the opportunity to convert the PT AIB Convertible Bond at such time in the future, possibly where PT AIB is no longer loss-making, while allowing VRL to explore its other options including partial repayment or redemption of the PT AIB Convertible Bond.

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, which is a member of the Salim Group,² a controlling shareholder of the Company. Accordingly, the 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 2008 ("**FY2008**"), the Group's latest audited net tangible assets ("**Group NTA**") was S\$1,245,038,000 as at 31 December 2008. The principal and interest payable for the PT AIB Convertible Bond after taking into account the Extension and the prevailing SIBOR is approximately S\$61,271,507, which is approximately 4.92% of the Group NTA. As such, shareholders' approval is not required for the Extension.

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

The aggregate value of interested person transactions, including the Extension and interested person transactions conducted under the Company's shareholders' mandate pursuant to Rule 920 of the Listing Manual, entered into by the Group with the Salim Group for the latest audited financial year ended 31 December 2008 was approximately S\$71,685,000, and the aggregate value of all interested person transactions entered into by the Group for the financial year ended 31 December 2008 (including the Extension and interested person transactions conducted under the Company's shareholders' mandate pursuant to Rule 920 of the Listing Manual) is approximately S\$79,042,000.

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

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8. Audit Committee

The Audit Committee of the Company is of the view that the 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
Gallant Venture Ltd.
Choo Kok Kiong
Company Secretary

31 December 2009