

MIDDLE EAST DEVELOPMENT SINGAPORE LTD.

(Company Registration No. 196600189D)

(Incorporated in Singapore)

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- (1) **THE PROPOSED ADDITIONAL INVESTMENT BY GERMIR GROUP LIMITED (THE “SUBSCRIBER”) IN MIDDLE EAST DEVELOPMENT SINGAPORE LTD. (THE “COMPANY”):-**
- (A) **THE PROPOSED ALLOTMENT AND ISSUE OF 550,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (“SHARES”) TO THE SUBSCRIBER AT AN ISSUE PRICE OF S\$0.05 EACH (THE “SUBSCRIPTION SHARES”) FOR AN AGGREGATE CASH CONSIDERATION OF S\$27.5 MILLION; AND**
- (B) **THE PROPOSED GRANT OF 300,000,000 TRANSFERABLE OPTIONS (“OPTIONS”) AT AN OPTION PRICE OF S\$0.0001 EACH FOR ACCEPTANCE BY THE SUBSCRIBER FOR AN AGGREGATE CASH CONSIDERATION OF S\$30,000, WHICH MAY UPON EXERCISE, BE CONVERTED INTO 300,000,000 NEW SHARES (THE “OPTION SHARES”) AT AN EXERCISE PRICE OF S\$0.05 EACH.**
- (THE “PROPOSED SUBSCRIPTION”)**
- (2) **THE PROPOSED ALLOTMENT AND ISSUE OF 27,500,000 NEW SHARES (THE “ARRANGEMENT SHARES”) TO UOB KAY HIAN PRIVATE LIMITED (THE “ARRANGER”) IN CONSIDERATION FOR PROCURING THE SUBSCRIPTION OF SUBSCRIPTION SHARES BY THE SUBSCRIBER**
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Unless otherwise specified, capitalised words in this announcement have the same meaning ascribed to them in the announcement dated 24 July 2009.

The SGX-ST’s waiver

Further to the announcement dated 24 July 2009, the board of directors (the “**Board**”) of the Company wishes to announce that the SGX-ST had on 5 October 2009, through the Sponsor, granted the Company a waiver from compliance with Rule 825 of the Listing Manual Section B: Rules of Catalist (the “**Listing Rules**”) in respect of the Proposed Subscription (the “**Waiver**”).

The Company had sought the Waiver because under the terms of the Proposed Subscription, Options would be issued in conjunction with 400,000,000 Tranche 2 Shares under Tranche 2. The Options would enable the Option holder(s) to subscribe for 300,000,000 Option Shares which would represent approximately 62.8% of the total number of existing issued Shares (the Company has no treasury Shares at present). This would exceed 50% of the total number of existing issued Shares of 477,477,500 Shares.

In making its application for the Waiver, the Company had justified its application on the basis that:-

- (1) Although the total number of potential new Shares arising from the exercise of the 300,000,000 Options and 235,000 Outstanding ESOS Options, which is 300,235,000, exceeds 50% of the number of existing issued Shares, the Options would be granted in conjunction with the allotment and issue of Tranche 2 Shares at the Second Closing. It is expected that Tranche 2 would occur only after the allotment and issue of Tranche 1 Shares at the First Closing.
- (2) Thus, at the time of the grant of the 300,000,000 Options, the total number of issued Shares would have been increased by the number of Tranche 1 Shares, Tranche 2 Shares, and the Arrangement Shares to 1,054,977,500¹, pursuant to the completion of Tranche 1 and Tranche 2. Thus, upon the grant of the 300,000,000 Options, the total number of potential new Shares arising from the exercise of 300,000,000 Options and 235,000 Outstanding ESOS Options would be approximately 28.5% of the total number of issued Shares.
- (3) Even if we were to ignore Tranche 2 Shares which the 300,000,000 Options would be granted concurrently with, at the time of the grant of the 300,000,000 Options, the allotment and issue of Tranche 1 Shares would have been completed at the First Closing. On the basis of the existing Shares plus Tranche 1 Shares and 7,500,000 Arrangement Shares, the Company would have an issued capital of 634,977,500 Shares and the number of new Shares arising from the exercise of the Options and the Outstanding ESOS Options in aggregate would constitute less than 50% of the number of issued Shares.
- (4) The reason why the Proposed Subscription is structured in this manner with the 300,000,000 Options is to allow funds to be injected into the Company in a gradual manner as and when viable projects are identified.
- (5) Further, specific Shareholders' approval will be sought for the grant of the 300,000,000 Options and the grant is not in reliance on a general mandate under Rule 806 of the Listing Rules obtained at an annual general meeting of the Company.

Under the terms of the above-mentioned SGX-ST letter, the Waiver is subject to:

- (1) the Company making an announcement of the waiver, reasons for seeking the waiver, and that the Company and/or any of its Board of Directors are not aware of any other material information in respect of the Company and the Proposed Subscription which was not formerly disclosed to the investors;
- (2) the Company obtaining specific shareholders' approval for the Proposed Subscription including the grant of the Options; and
- (3) the Company disclosing the recommendations of the Board of Directors on the grant of the Options and the basis for such recommendation(s).

The Company and the Board are not aware of any other material information in respect of the Company and the Proposed Subscription which was not formerly disclosed to investors.

¹ Assuming no Outstanding ESOS Options are exercised and 27,500,000 Arrangement Shares are issued to the Arranger as payment for services rendered as arranger for the Proposed Subscription.

A circular (the “**Circular**”) containing further details of the Proposed Subscription and enclosing a notice of extraordinary general meeting (the “**EGM**”) in connection therewith will be released to shareholders in due course.

Interested person transaction

The Proposed Subscription is an interested person transaction as the Subscriber, Germir Group Limited, is one of the Company’s substantial shareholders and is wholly owned by Wang Yuzhu, the Non-Executive Chairman of the Company. The Proposed Subscription was arrived at on a willing-buyer and willing-seller basis, after the market price of the Shares and the net tangible assets per Share were taken into consideration.

To date, for the financial year ending 30 June 2010, the total amount of all transactions with the Subscriber, the interested person of the Proposed Subscription, is approximately S\$27.5 million, being the total consideration of the Proposed Subscription without exercise of the Options, assuming that the Proposed Subscription is completed. If all Options are exercised by the Subscriber, then the total amount of all transactions with the Subscriber would be approximately \$42.5 million.

Save as for the Proposed Subscription, there are no other interested person transactions entered into with the Subscriber for the current financial year, ending 30 June 2010. To date, the only interested person transaction for the financial year ending 30 June 2010 is the Proposed Subscription.

Other matters

In addition to the Proposed Subscription, the Circular sets out information on two other matters (the “**Other Matters**”) which the Company is seeking the approval of shareholders at the EGM:

- (1) the proposed expansion of business scope of the Group; and
- (2) the proposed change of name of the Company.

By Order of the Board

Ong Soon Teik
Executive Director and Chief Operating Officer

8 October 2009

*This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, Stamford Corporate Services Pte Ltd (the “**Sponsor**”), for compliance with the relevant rules of Singapore Exchange Securities Trading Limited (the “**Exchange**”). The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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