

**MIDDLE EAST DEVELOPMENT SINGAPORE LTD.
(FORMERLY KNOWN AS HITCHINS GROUP LTD.)**

(Company Registration No. 196600189D)
Incorporated in the Republic of Singapore

**PROJECT AND CONSTRUCTION MANAGEMENT AGREEMENTS ENTERED INTO
BETWEEN MIDDLE EAST DEVELOPMENT SINGAPORE LTD. AND MIDDLE EAST
DEVELOPMENT LIMITED LIABILITY COMPANY (“M. E. DEVELOPMENT LLC”)**

1. Introduction

The Board of Directors of Middle East Development Singapore Ltd. (the “**Company**”) wishes to announce that the Company has on 20 April 2007 entered into the following:-

- 1.1 a conditional project and construction management agreement with M. E. Development LLC; and
- 1.2 a conditional project and construction management agreement with Advance Middle East, which is a wholly-owned subsidiary of M. E. Development LLC.

(collectively the “**Project Management Agreements**” or each the “**Project Management Agreement**”))

The Project Management Agreements are subject to and conditional upon the approval of the shareholders of the Company (the “**Shareholders**”) at an extraordinary general meeting to be convened.

It is envisaged that the Project Management Agreements will be for a period of 24 to 36 months.

2. Details of the Project Management Agreements

Pursuant to the Project Management Agreements, the Company will provide project construction and project management services to M. E. Development LLC (“**Project Management Services**”) in connection with the construction and development of the following projects (“**Projects**”) in the Middle East:

Name of Project	Country
(i) Arabian Crowne	Dubai, U.A.E
(ii) Windsor Tower	Dubai, U.A.E
(iii) Red Residence	Dubai, U.A.E
(iv) Kensington Royale	Dubai U.A.E
(v) Sports Plaza	Dubai U.A.E
(vi) Diamond Plaza	Bahrain, Kingdom of Bahrain

The estimated total construction cost of the aforesaid Projects is approximately AED 1,341.2 million (approximately S\$552.6 million).

The Project Management Services contemplated under the Project Management Agreements include, *inter alia*:

- (i) monitoring the performance of legal obligations of the professional consultants ("**Consultants**") employed for the purposes of the relevant project(s);
- (ii) advising on personnel staffing movements in respect of key appointments for the relevant project(s);
- (iii) co-ordinating the preparation and finalisation of the design and construction plans by the Consultants;
- (iv) establishing channels of communication amongst the parties involved in the relevant project(s);
- (v) preparing and maintaining a master program from concept to completion to record principal activities and identify critical dates;
- (vi) advising and making recommendations in relation to the budgeting of the project;
- (vii) managing the finances, including monitoring timely payments of all statutory payments, for the relevant project(s);
- (viii) preparing and maintaining cash flow forecasts and statements for the relevant project(s);
- (ix) co-ordinating with the Consultants relating to the requirements from building and all relevant authorities for the relevant project(s);
- (x) advising on the appropriate method of inviting tenders, the selection of tenderers and the extent of design and specifications to be included in the tender documents;
- (xi) liaising and advising on issues relating to building management, commissioning and equipping programmes, and maintenance and cleaning information; and
- (xii) providing overall construction management services.

In addition, the Project Management Services in Dubai also include the marketing activities relating to the relevant projects.

In consideration of the provision of the Project Management Services by the Company, M. E. Development LLC and Advance Middle East shall pay to the Company management fees equivalent to 7% and 4% respectively of the total construction costs of the projects.

Based on the total value of the aforesaid projects of approximately AED1,341.2 million (approximately S\$552.6 million), it is envisaged that the Company will be entitled to an aggregate management fee of approximately S\$31.3 million over the period of 24 to 36 months.

3. Information on M. E. Development LLC

M. E. Development LLC is a leading real estate developer in the Middle East with their headquarters in Dubai. It is a multi-faceted organisation involved in real estate development, project management and investment. This encompasses development of land for residential, commercial, and industrial purposes as well as contracting, project finance, mergers and acquisitions.

The controlling shareholder and chairman of M. E. Development LLC, Sheikh Tarek Mohammad Bin Laden, is a director as well as a shareholder of the Mohammed Bin Laden Organisation and a shareholder of Saudi Bin Laden Group. The Mohammed Bin Laden Organisation and Saudi Bin Laden Group are leading conglomerates in the Middle East with extensive interest in a range of industries.

4. Interested Person Transaction

As at the date of this Announcement, M. E. Development LLC holds approximately 47.78% of the shares of the Company and is, therefore, a controlling shareholder of the Company. Accordingly, pursuant to Chapter 9 of the Listing Manual of the SGX-ST ("**Listing Manual**"), M. E. Development LLC is considered an "interested person" and the entering into of the Project Management Agreements by the Company constitutes an "interested person transaction".

The value of the interested person transaction (as described above) exceeded 5% of the latest audited consolidated net tangible assets of the Company as at 30 June 2006. The Company will therefore convene an extraordinary general meeting ("**EGM**") to seek the approval of the Shareholders for the interested person transaction (as described above) as required under Rule 906 of the Listing Manual.

There are no other past discloseable interested person transactions with M. E. Development LLC as at the date of this Announcement.

5. Rationale for and Benefit to the Company

The Board of Directors believes that by entering into the Project Management Agreements with M. E. Development LLC and its subsidiary Advance Middle East, the Company will be able to diversify its business into the project management sector which has a strong potential for growth. In addition, it will provide the Company an opportunity to expand into and establish a business presence in the Middle East market.

The Board of Directors is of the view that the diversification of business to provide project management services in the Middle East region will enable the Company to obtain the relevant expertise and explore the potential of providing similar project management services in other regions such as Singapore and the People's Republic of China.

6. Financial Effects

The Project Management Agreements are not expected to have any material effects on the earnings and the net tangible assets of the Company and the Group for the year ending 30 June 2007.

7. Independent Financial Adviser

As the entering into of the Project Management Agreement by the Company constitutes an interested person transaction under Chapter 9 of the Listing Manual, the Board of Directors will be appointing an independent financial advisor ("**IFA**") to advise the directors of the Company who are considered independent for the purposes of this interested person transactions. The IFA will issue its formal opinion in the circular to be issued to the Shareholders (the "**Circular**") in due course.

8. Audit Committee's Statement

The audit committee of the Company ("**Audit Committee**") comprises Messrs Tan Song Koon, Hoon Tai Meng and Tee Tua Ba. The Audit Committee will form its view on whether the provision of Project Management Services contemplated under the Project Management Agreements is on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders after considering the opinion of the IFA. The view of the Audit Committee will be set out in the Circular.

9. Shareholders' Approval

The Company will be seeking the approval of the Shareholders at the EGM to approve the Project Management Agreements in relation to the provision of the Project Management Services (please refer to the section "Interested Person Transaction" of this Announcement). The Circular, containing information on the Project Management Agreements, together with the notice of the EGM, will be dispatched by the Company in due course.

By Order of the Board

Huang Wooi Teik
Managing Director
20 April 2007