

PSC CORPORATION LTD
(Company Registration No. 197400888M)
Incorporated in the Republic of Singapore

**RESPONSE TO SGX'S QUERIES REGARDING THE ANNOUNCEMENT OF PROPOSED
SUBSCRIPTION OF HK\$80,000,000 CONVERTIBLE NOTE IN JOLLIFY LIMITED BY WHOLLY
OWNED SUBSIDIARY PSC INVESTMENT PTE LTD**

All capitalised terms used herein shall bear the same meanings as in the previous announcement dated 23 January 2009, unless otherwise defined.

Further to the Company's announcement made on 23 January 2009 in relation to the proposed subscription of HK\$80,000,000 Convertible Note in Jollify Limited ("JL") by wholly owned subsidiary PSC Investment Pte Ltd, in response to the email queries from the Singapore Exchange Securities Trading Limited (SGX) of 3 February 2009, the Board of Directors of the Company wishes to provide the information as set out below:

Query 1: Terms of the Note

- Query 1(a) Are there any other conditions for conversion of the Note to shares in JL (e.g. Can the Note be converted any time before the maturity date or redemption date of the Note? Can any party other than PSCI exercise this conversion right? Under what circumstances does PSCI intend to convert the Note?)
- Reply 1(a) Subject as provided in the Agreement, PSCI as the Noteholder will have the right, on any Business Day during the Conversion Period, to convert the whole (not part) of the principal amount of the Note into the Conversion Shares. The Converting Noteholder may, on any Business Day within the Conversion Period, exercise its Conversion Rights by delivering to the principal place of business of JL the Conversion Notice stating its intention to convert together with the Certificate. No party other than PSCI can exercise this conversion right. The decision whether to exercise this conversion rights will be made closer towards the end of the Maturity Date after evaluating all relevant information.
- Query 1(b) The Note is convertible into shares in JL representing 30% of JL's fully-diluted issued share capital. Please state the factors taken into account by the Company's board in arriving at the 30% equity stake in JL for a HK\$80,000,000 principal amount of the Note to be subscribed.
- Reply 1(b) The 30% equity stake in JL upon conversion was arrived at on a willing buyer and willing seller basis after extensive negotiations.
- Query 1(c) What are the terms for early redemption of the Note (e.g. Who are entitled to exercise this redemption right? Can this right be exercised any time before maturity date of the Note?)
- Reply 1(c) At any time prior to the Maturity Date, PSCI may, having given not less than five (5) Business Days notice to JL, redeem the Note in whole (not in part).
- Query 1(d) What is the rationale for subscribing for the Note (compared to a direct investment in the shares of JL)?
- Reply 1(d) As compared to direct investment, the Note has lower risk.

Query 1e) How does the Company's board satisfy itself that Mr Chung and/or JL have the ability to fulfill their obligations under the Subscription Agreement and the Note to PSCI?

Reply 1(e) The Board was provided with information with Mr Chung's background and credit reference.

Query 2) Information on JL

Query 2(a) Who owns the remaining 49% shareholding in JL?

Reply 2(a) The remaining 49% shareholding in JL is held by David Chong Hou Ian as Trustee of Wise Crest Holdings Ltd.

Query 2(b) Who owns Guangzhou Baoxing Real Estate Development Co. Ltd ("Guangzhou Baoxing") which is currently the owner of the Project Property?

Reply 2(b) Guangzhou Baoxing is owned by Guangzhou Baogong Realty Development Ltd. (广州市宝供房地产开发有限公司), a subsidiary of the Baogong Group (宝供集团), one of the major supply chain groups in the PRC.

Query 2(c) It is disclosed that Guangzhou Baoxing had entered into a Framework Agreement with Hua Xinyu whereby it undertook to construct the Project Property for sale to PRC Newco (the "WFOE"). What are the terms of the sale of the Project Property to the WFOE? When is the sale expected to be completed? What is the total construction and development cost and how is this amount to be financed?

Reply 2(c) Guangzhou Baoxing wanted to sign the Framework Agreement with WFOE. But WFOE was not able to be incorporated in time for the signing of the Framework Agreement. Guangzhou Baoxing agreed to sign the Framework Agreement with Hua Xinyu. The terms of the transfer of Project Property to WFOE would be the same terms under the Framework Agreement. The said transfer to WFOE would be after WFOE is incorporated. The total construction and development cost is anticipated to be in the region of RMB400 million. This amount would be financed by advanced deposit and progressive payments from China Property Holdings (HK) Limited and the Notes.

Query 2(d) JL holds 100% of Pacemaker Investments Limited ("Pacemaker")'s issued share capital. Is Pacemaker an investment holding company whose only investment will be to own the Project Property through a WFOE to be established?

Reply 2(d) Yes.

Query 3 Transaction

Query 3(a) Elaborate on the economic potential of the Project Property. This is cited as a factor taken into account in the Company's decision to undertake the Transaction.

Reply 3(a) Barring unforeseen circumstance, the anticipated return of the Project Property is in excess of 30%.

Query 3(b) "Pacemaker Investments Limited ("Pacemaker") is in the process of establishing a wholly foreign owned enterprise in the PRC ("WFOE") for the sole purpose of investing in the construction or development of commodity property(ties) to be erected on South Zhongshan Road, South Zhu Village, Dong Pu County, Tianhe District, Guangzhou City, the People's Republic of China (the "Project Property")."

Query 3(b)(i) Please disclose details on the Project Property (eg whether the properties to be developed are residential or commercial properties, the status of the construction, the expected completion date).

Reply 3(b) (i) The project description is that of a Commodity House. The total construction area is 62,292 sq.m (of which 32,322 sq.m is commercial area and 29,970 sq. m is under ground parking lots). Guangzhou Baoxing has obtained the planning permit(s) and construction area usage certificate from the relevant authorities. The expected date for inspection and delivery of the Project Property is expected to be done by 31 October 2010. The legal documentation to complete the property ownership certificate should be done within six (6) months thereafter.

Query 3(b)(ii) Will Pacemaker hold 100% of the WFOE?

Reply 3(b)(ii) Yes.

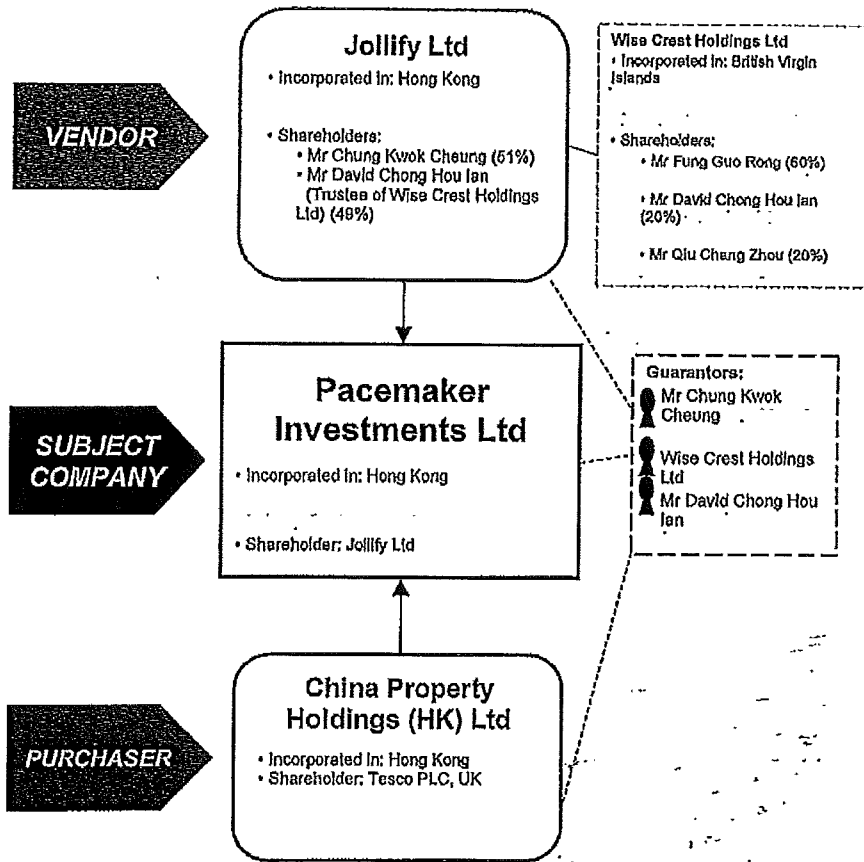
Query 3(c) "A Sale and Purchase Agreement dated 11 September 2008 in relation to the entire issued share capital in Pacemaker Investment Limited entered into between JL, China Property Holdings (HK) Limited, Wise Crest Holdings Limited, Chong, David Hou lan and Mr Chung for the sale of the entire shareholdings in Pacemaker Investments Limited, who will then be the owner of the Project Property, to China Property Holdings (HK) Limited, a subsidiary of Tesco PLC, UK."

Please clarify the above paragraph. How are the aforesaid parties involved in the transaction?

Reply 3(c) Please see attached chart.

BY ORDER OF THE BOARD

Chew Kok Liang / Annie Wong Sook Cheng
Joint Company Secretaries
3 February 2009



Parties involved in the Sale & Purchase Agreement in relation to the entire issued share capital in Pacemaker Investments Ltd