



SCHOOL RECONSTRUCTION PROJECT – SICHUAN, CHINA

Dear Friends,

The magnitude 8 earthquake that hit southwestern China's Sichuan Province on May 12th, 2008 destroyed thousands of buildings, roads, schools and hospitals and claimed over 50,000 lives. In just 12 seconds, more than 170 towns, including those in the proximity of Chengdu City, were either destroyed or badly damaged. More than 45 million people were affected by the earthquake—the worst natural disaster to hit China in 30 years.

ISG Capital Management, Ltd. (“ISG”) is a private equity real estate investment firm based in Shanghai, China and in New York. Our team is made up of highly experienced real estate professionals. We at ISG are especially saddened by the tragedy due to our longstanding relationship with the disaster area. Many of our staff are either from that region or have close friends and relatives still living there. Some staff members have been working on development projects around Chengdu and elsewhere in Sichuan for years. Our founder, Li Li, began her career as a high school teacher in the 1980s and is from a family of educators whose hometown is Chengdu.

Our close ties to the stricken region and our real estate expertise have led us to the conclusion that the best long-term contribution that ISG can make to help the people affected by this tragedy is to rebuild a school for the children of Dayi County.

Dayi County is a very poor agricultural county of 600,000 people located approximately 50 kilometers from the epicenter and 40 kilometers north of Chengdu. Dayi County suffered a great number of casualties and heavy property losses in the earthquake. As of June 17th, 107 schools in the area were damaged by the earthquake, totaling almost \$40 million in economic losses. Due to their close proximity to the earthquake zone, many schools that remain standing are badly damaged and are no longer safe to hold classes. Many students are studying in temporary schools and tents, so the need for rebuilding schools is urgent.

Although Dayi County is located in one of the areas that was most affected by the earthquake, it has not been assigned direct reconstruction funding from other provinces and cities by the central government. It has received very little social support.

Since the initial earthquake, ISG has mobilized its team and its established network in the area of the earthquake and all over China to identify a rebuilding project. Through a partnership with The Chengdu Education Foundation, we have chosen to rebuild Chujiang School in Dayi County. To date, ISG has secured all of the required government approvals for the project, including key approvals from Shanghai, where ISG has its main office, and from the Chengdu Education Bureau. Dayi County is part of the "Greater Chengdu" municipality and Chengdu has oversight responsibility for Dayi County. Our agreement to manage this project is with the Chengdu Education Bureau, who, along with an independent Fund Management Committee, will monitor the use of these funds and the quality of the reconstruction project from beginning to end.

We ask for your support of our initiative to raise USD3MM to rebuild Chujiang School. ***(Any funds raised over and above this amount will go toward reconstruction of a second school, Jingrui Love School, in Wenjiang District of Chengdu. Details will be furnished upon request.)*** With your contribution and our dedication we can together make the dreams of the students of Dayi County come true. Our contribution to the rebuilding of lives in the area will help end the suffering and provide a means for the students to return to a proper learning environment in the not too distant future.



盛集投资 ISG Capital Management Ltd

14 Wall Street, 20th Floor, NY, NY USA 10005
1366 West Nanjing Road, 15th Fl, Plaza 66-II, Shanghai, 200040, China
www.isgfn.com

As we work to complete our master building plan, below is a summary of the basic parameters:

Fund Raising Objective:	To raise USD3MM
Use of Funds:	To rebuild Chujiang School in Dayi County, Sichuan Province, China
Project Manager:	ISG Capital Management, Ltd. – contracts service providers and monitors and manages all local parties involved in project
Development Team:	ISG Real Estate Development team - (Jason He, Yuhong Wang, Jianjun Wang, Yijun Wu, Qinheng)
General Contractor:	China Railway Erju Co.,Ltd.: www.crec.com.cn
Architect:	Beijing Tianhong Yuanfang Architectural Design Co.Ltd: www.bjthyf.com (Olympic Game Projects Designer)
Construction Monitor:	Shanghai Shenhua Construction Engineer Consulting and Monitoring Company www.huashenmf.com
Fund Management Committee:	Peter Watkins - Senior Partner, Watkins, Kampen and Sauro Chen Shengchang - Vice Chairman of CAPS (Chinese Association of Productivity Science) Judith Chang - former Wall Street executive
Donor Commemoration:	All donors will be listed as founders of the school in the school reconstruction record. A donors wish book will be published and distributed to all students at school, and to all visitors in the future. A long-term visitation plan will be arranged by the school on its annual memorial day.
General Monitoring Committee:	Donors, government oversight bodies (Sichuan Provincial and local Education departments), stakeholders (school principals)
Legal Counsel:	All Bright Law LLC http://www.allbrightlaw.com/english/
Auditing Firm:	BDO Shanghai Zhonghua (member of BDO International) http://www.e-bdo.com/bdochina
Local Partner:	Chengdu Education Foundation

Volunteers: We welcome all interested parties including vendors and service providers to join this effort by contributing your capital, skills, products and services to reach our shared goal. Please contact us with any questions and concerns you may have and/or if you would like to help.

On behalf of the people of Dayi County, Chengdu, Sichuan Province, China and ISG, we extend our sincere gratitude for your thoughts, prayers and assistance.



Brief Overview of Chujiang School:

Our partner, The Chengdu Education Foundation, (CEF) has been playing a significant role in earthquake relief for schools in Sichuan Province.

Based on plans created by the local government, CEF will help to rebuild 33 schools which include kindergartens, primary schools, high schools and special education schools. These schools were either completely destroyed by the earthquake or condemned due to severe damage. All of the schools are located in the following counties: Chongzhou, Dayi, Dujiangyan, Wenjiang, Jintang, Bixian and Gonglai. All 33 schools will be completed within the next two years.

The Chengdu Education Foundation has recommended Chujiang School in Dayi County to ISG, and is depending on our capability, efforts and resources to help them rebuild this school.

Planned Scope of Chujiang School:

Name: Chujiang School

Number of students: 1200 boarding at school

Number of classes: 24

Gross Floor Area: 16,750sqm (total), of which 7,615sqm needs to be rebuilt:

Classroom Buildings: 11,836sqm

Dormitory Space: 3,000sqm

Living Service Space: 1,073sqm

Office Space: 580sqm

This a nine year system school, with standard building codes with labs of Physics, chemistry, biology. Teachers building and students' dormitory buildings, canteens and so on are all included.

Note: interior supplies (desks, lab equipments, books, etc.) and on-going operating budgets are not part of the reconstruction budget. These supplies are expected to be supplied by the government or donated by interested parties.



盛集投资 ISG Capital Management Ltd

14 Wall Street, 20th Floor, NY, NY USA 10005
 1366 West Nanjing Road, 15th Fl, Plaza 66-II, Shanghai, 200040, China
www.isgfn.com

Cost Estimate of Chujiang School Reconstruction				
Items	Name of Cost Items	Unit Price (\$/sqm)	GFA (sqm)	Cost (US\$)
1	Geo Reconnaissance fee	0.43	7615	3,335
4	Supervisory Fee	1.43	7615	11,117
3	Temporary Facilities			14,599
5	Temporary Fence Wall			21,898
2	Temporary Power&Water			29,197
6	Construction Designing Fee	5.71	7615	44,467
8	Landscaping	14.29	7615	111,168
10	Outside Facilities	14.29	7615	111,168
9	Regulatory Fees	15.43	7615	225,129
11	Power Supply	21.43	7615	166,752
7	Track & Field	571429		583,942
12	Building Installation Cost	142.86	7615	1,111,679
13	Land Purchase	0		0
14	Utility and Infrastructure	0		0
15	Unforeseeable Cost	10%		243,445
16	Management Fee	5%		133,895
17	Operating Tax	5%		133,895
	Total			2,945,684

Notes:

1. Currency Conversion Rate: \$1=RMB6.85

(Project Costs subject to change based on currency exchange)



School Reconstruction Term Sheet

This reconstruction initiative and the related fundraising drive are for the purpose of rebuilding Chujiang School located in Dayi County, Sichuan Province, which was severely damaged by the earthquake on May 12, 2008.

In order to ensure the proper use of funds and to accomplish the reconstruction project in time, ISG and donors will enter into the following agreement:

- I. Donors make monetary donation to designated account: ISG China Earthquake School Reconstruction: Chengdu Education Foundation. (U.S. donors to make donation through Global Giving when account is set up).
- II. ISG, as the school reconstruction Project Manager, will use the funds for reconstruction of Chujiang School under the third party monitor, Chengdu Education Bureau.
- III. If the total money raised exceeds the target amount for the construction of the main classroom building, ISG will use the residual amount for reconstruction of a second school, Jingrui Love School, in Wenjiang District of Chengdu. ***(Details will be furnished upon request.)*** If the donation amount is less than the target amount, ISG will pursue other venues to raise additional funds.
- IV. The above fundraising drive will commence immediately until the school construction is completed within approximately one year.
- V. Donor rights and responsibilities:
 1. Once a donor makes a donation to the Fund, he/she may not withdraw his/her money.
 2. Donors have the right to monitor the construction progress, verify the use of funds, inspect the legal documents and auditing reports at any time through Chengdu Education Foundation, Auditor, and any ISG Staff.
- VI. ISG responsibilities:
 1. Conduct in depth due diligence and planning for the school reconstruction project.
 2. Contract service providers; monitor and manage all local parties involved in project.
 3. Contract third party professional companies to audit the use of funds and to monitor the construction quality, progress and timely delivery.
 4. Provide donation receipts.
 5. Disclose and update donation and construction progress on ISG website on monthly basis or as requested.
 6. Instill tight cost control so that management expenses do not exceed 5% of the construction budget. Any difference between 5% and an actual lower percentage will be applied to the extended building program. Any difference between the 5% and an actual higher percentage will be covered by ISG to the extent possible.

Any donor who gives more than 60% of the school reconstruction fund will have the right to name the school. All the donors will be the founders of the school, whose names will be recorded into the founders' history book. The audited report of the use of funds will be submitted and publicized on ISG website to all donors.

ISG Capital Management, Ltd. and our local partners are undertaking this project as a pure charitable initiative. We pledge to work on this project until completion for no profit of any kind.



盛集投资 ISG Capital Management Ltd

14 Wall Street, 20th Floor, NY, NY USA 10005
1366 West Nanjing Road, 15th Fl, Plaza 66-II, Shanghai, 200040, China
www.isgfn.com

Donation Information

Account Information:

Name of Account: Chendu City Education Foundation

Name of the Bank: China Construction Bank, Chendu City Jinhe Branch

Account Number: 51001508608050693472

SWIFT Code: pcbccnbscx

Use of Account: ISG Earthquake School Reconstruction

For U.S. Donors:

Tax-deductible donations can be made through Global Giving:

<http://www.globalgiving.com/pr/2200/proj2149a.html>

Contact Information:

ISG Capital Management, Ltd.

U.S. Contact:

Andrew T. Strott
14 Wall Street, 20th Floor
New York, NY 10005
212-732-9669
andrew.strott@isgfn.com

盛集投资管理咨询 (上海) 有限公司

China Contact:

Li Li
1366 West Nanjing Road, 15th Fl, Plaza 66-II
Shanghai, CHINA 200040
86 (21) 6288-8770/1, 6137-6177/67
china@isgfn.com

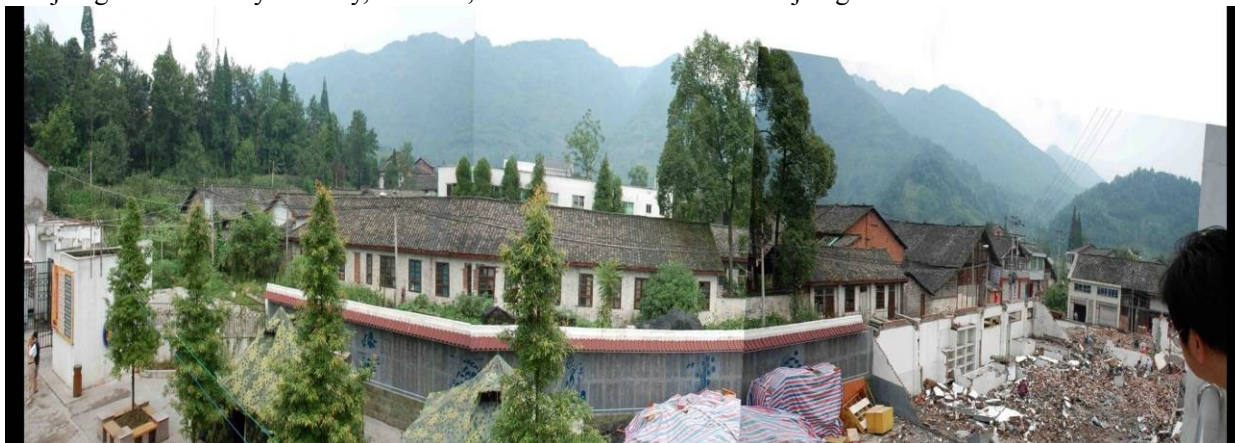
As one of the special founders of this school, please also send your information and donation wish in less than 200 words to put in school founder's record book. We'll also put your name and wish on our website unless you specify otherwise.

Please join us

We invite you to partner with us in supporting families in China during this time of need and uncertainty.

- A gift of \$1,000 will facilitate the construction of one dormitory room for 1 student at the school
- A gift of \$7,000 will facilitate the construction of the Office of Administration
- A gift of \$14,000 will cover the cost of building the Science & Technology classroom
- A gift of \$18,000 will cover the cost of building the Music classroom
- A gift of \$26,000 will cover the cost of building one General classroom
- A gift of \$38,000 will cover the cost of building one Art or Computer classroom

Chujiang School – Dayi County, Sichuan, China: The left side of Chujiang School



The dining hall and kitchen were destroyed.



Another academic building was destroyed and now is an empty area.



The playground has been converted into a temporary students' dormitory.





盛集投资 ISG Capital Management Ltd

14 Wall Street, 20th Floor, NY, NY USA 10005
1366 West Nanjing Road, 15th Fl, Plaza 66-II, Shanghai, 200040, China
www.isgfm.com

ISG partner developed school projects:

Suzhou Mudu School: Construction space: 80,000sqm Investment amount: \$32.857MM Construction: 2 years, finished in 2005



Suzhou High School: Construction space: 50,000sqm Investment amount: \$14.285MM Construction: 1.5 years, finished in 2005



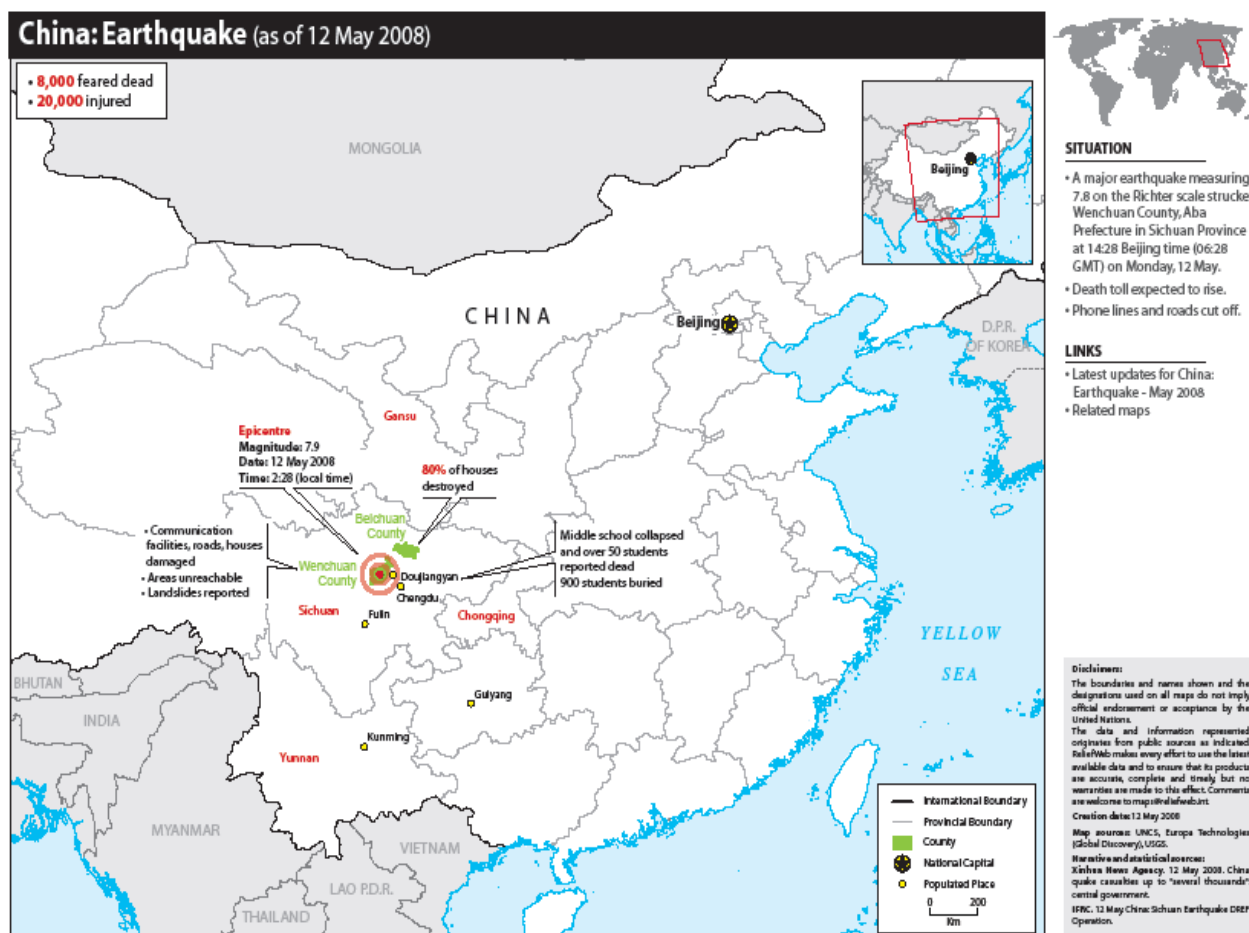
Suzhou Yuexi School: Construction space: 38,000sqm Investment amount: \$9.571MM Construction: 1 year, finished in 2004



TianHong YuanFang Architectural Designed Co.Ltd designing Jobs in Beijing Olympic Game Projects:
Olympic Village Kindergarden



Map of Earthquake Zone





盛集投资 ISG Capital Management Ltd

14 Wall Street, 20th Floor, NY, NY USA 10005
1366 West Nanjing Road, 15th Fl, Plaza 66-II, Shanghai, 200040, China
www.isgfn.com

Major Sponsors and Partners:

Elephant Thoughts-Canada



Global Giving-U.S.A.



Chengdu Education Foundation-China



Beijing TianHong YuanFang Architectural Design Co., Ltd.

