

SELECT GROUP LIMITED
(Incorporated in Singapore with limited liability)
(Company Registration No.: 199500697Z)
(the “**Company**”)

INTERESTED PERSON TRANSACTION – TENANCY AGREEMENT ENTERED INTO WITH JIT SUN INVESTMENTS PTE. LTD., A CONTROLLING SHAREHOLDER

1. Introduction

The board of directors of the Company (the “**Directors**”) wishes to announce that it its wholly-owned subsidiary, Wisteria Hotel Management Pte. Ltd. (“**Wisteria**”), has on 13 April 2009 entered into a conditional tenancy agreement with Jit Sun Investments Pte. Ltd. (“**Jit Sun**”) (the “**Tenancy Agreement**”) for the rental of the annex building to the office block, Tower Fifteen located at 15 Hoe Chiang Road, Singapore, 089316 (the “**Hotel**”).

2. Tenancy Agreement

Under the Tenancy Agreement, Wisteria will rent the Hotel from Jit Sun for the purpose of operating it as a boutique hotel under the name “Klapsons The Boutique Hotel”. The tenancy is for a term of three years at a basic rent of S\$50,000 per month, comprising a base rental of S\$40,000 and service fees of S\$10,000 for the provision of information technology support services at the Hotel. In addition, a variable rent computed based on 50% of the gross operating profit derived from the operation of the Hotel during each fiscal year, is payable to Jit Sun. The gross operating profit is computed by deducting the entire costs and expense of maintaining and supervising the operation of the Hotel (excluding those expressly stipulated to be borne by Jit Sun) from the total gross revenue resulting from the operation of the Hotel. Wisteria is, subject to it completing the full term of the tenancy and not being in breach of the Tenancy Agreement, entitled to a rent free period of three months commencing from the commencement date of the tenancy.

The tenancy will commence on such date as the parties may mutually agree after the Hotel is ready for occupancy and operation, which shall in any event not be later than 31 August 2009. There is an option to renew the tenancy for a further term of three years at a rent to be mutually agreed between Jit Sun and Wisteria.

The rental for the Hotel is arrived at after taking into consideration *inter alia*, the size of the Hotel, facilities available and the projected revenue and cash flows of Wisteria to be derived from the operation of the Hotel.

The Tenancy Agreement is subject to the approval of the shareholders of the Company (the “**Shareholders**”) being obtained at an extraordinary general meeting (the “**EGM**”) of the Company to be convened. Further, the Company will comply with the provisions of Chapter 9 of Section B: Rules of the Catalist of the listing manual of Singapore Exchange Securities Trading Limited (the “**Catalist Rules**”), in relation to any renewal of the Tenancy Agreement, including where required, seeking the approval of Shareholders in respect of such renewal.

3. Rationale

The Company and its subsidiaries (the “**Group**”) are integrated food catering and management services providers in Singapore. The core business of the Group includes providing food management services to its corporate customers, events catering for corporate, community or private functions and daily meal delivery services to workplaces and family units. In addition, the Group also operates restaurants, dedicated food stalls and food courts in Singapore.

To supplement the Group’s current core business and increase its revenue stream, the Directors are constantly looking for opportunities to expand the Group’s business. Towards this end, the Company

had on 6 June 2007, announced that it had entered into a memorandum of understanding with Jit Sun for the proposed lease and management of a hotel, which was under construction. The Group had since the execution of the said memorandum of understanding, been in negotiations with Jit Sun regarding the terms of the Tenancy Agreement, which was executed on 13 April 2009. The Directors believe that the entry into the Tenancy Agreement will provide the Group with an invaluable opportunity to break into the hotel industry. Such an opportunity may not be easily available due to the Group's lack of track record in the industry. This maiden contract will provide the Group with a platform to be a player in this higher-end business segment.

Aside from the revenue to be derived from the room rates of the Hotel, Wisteria will also be deriving revenue from the operation of one restaurant and one bar at the Hotel. As the Group is a leading market player in the food and beverage industry, the restaurant and bar will further compliment the Group's core business.

4. Interested person transactions and Shareholders' approval

Jit Sun is a private exempt company incorporated in Singapore. As at the Latest Practicable Date, its directors are Lionel Lee, Lee Kian Soo and Lee Chye Cheng Adrian and its sole shareholder is Lionel Lee. Jit Sun is an investment holding company with investments in oil and gas, real estate, hospitality and F&B.

As at the date of this announcement, Jit Sun owns 32,420,000 shares of the Company, equivalent to 22.77% of the total issued shares in the Company. Jit Sun is as such a controlling shareholder of the Company. For the purpose of Rule 904(4) of the Catalist Rules, Jit Sun is considered an interested person, and the Tenancy Agreement, which is entered into between Wisteria, a wholly-owned subsidiary of the Company, and Jit Sun, an interested person, is an interested person transaction.

In accordance with Rule 906(1)(a) of the Catalist Rules, where the value of an interested person transaction is equal to or exceeds 5% of the latest audited consolidated net tangible asset of the Group for the financial year immediately preceding the date the agreement was entered into, the approval of Shareholders is required to be obtained either prior to the transaction being entered into, or prior to completion of the transaction, as the case may be.

Based on the Group's latest announced audited accounts as at 31 December 2007, the net tangible asset ("NTA") of the Group is approximately S\$12,081,000. For the purpose of the Catalist Rules, 5% of the latest audited NTA of the Group as at 31 December 2007 would be S\$604,050. Based on the Group's unaudited accounts as at 31 December 2008, the NTA of the Group is approximately S\$6,855,000. The Directors do not envisage the audited NTA as at 31 December 2008 to be significantly different from S\$6,855,000. For the purpose of the Catalist Rules, 5% of the unaudited NTA of the Group as at 31 December 2008 would be S\$342,750.

As the transaction value of the Tenancy Agreement is at least S\$1,650,000, equivalent to 13.66% of the audited NTA of the Group as at 31 December 2007 and 24.07% of the unaudited NTA of the Group as at 31 December 2008, Shareholders' approval of the Tenancy Agreement is required under Chapter 9 of the Catalist Rules. To that effect, the Company intends to convene the EGM for the purpose of seeking Shareholders approval of the Tenancy Agreement.

5. Aggregate value of interested person transactions

For the financial year ("FY") ended 31 December 2008, the aggregate value of all interested person transactions entered into by the Group was S\$2,629,484, out of which S\$718,692 and S\$1,910,792 were entered into with Emas Offshore Construction and Production Pte. Ltd. ("EOCP") and Emas Offshore Services Pte. Ltd. ("EOSP"), the associates of Jit Sun, respectively. Please refer to the Company's announcement on 9 April 2009 for more information of the nature of the interested person relationship and details of the interested person transactions with EOCP and EOSP. No interested person transaction was entered into by the Group with Jit Sun during FY2008 and for the current financial year (save for the Tenancy Agreement).

6. Independent financial adviser

The Company has appointed Collins Stewart Pte. Limited (the “**IFA**”) as the independent financial adviser to advise the Directors who do not have an interest in the Tenancy Agreement on whether the terms of the Tenancy Agreement are on normal commercial terms and whether they are prejudicial to the interests of the Company and its minority Shareholders.

The Company will, in due course, despatch to Shareholders a circular containing further details of the Offshore Service Agreements, the opinion of the IFA and enclosing a notice of EGM in connection therewith.

7. Statement from the Audit committee

The audit committee of the Company (excluding Lai Kai Jin Michael), has reviewed *inter alia*, the terms of the Tenancy Agreement and subject to the advice of the IFA, is of the opinion that the terms of the Tenancy Agreement are on normal commercial terms and are not prejudicial to the interests of the Company and the minority Shareholders.

8. Interests of Directors and controlling shareholders

Lai Kai Jin Michael is a director of the Company. He is also a director of EOC Limited, an associate of Jit Sun, and an interested person of the Company. Please refer to the Company's announcement on 9 April 2009 for more information of the nature of the interested person relationship. Save as aforesaid, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Tenancy Agreement.

9. Documents for inspection

A copy of the Tenancy Agreement is available for inspection during normal business hours at the Company's registered office at 36 Seneko Crescent, Singapore 758282 for a period of three months from the date hereof.

By Order of the Board
Vincent Tan Chor Khoo
Managing Director

13 April 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 the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST 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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