

Proposed disposal of the entire fixed assets of a wholly owned subsidiary

1. Introduction

The board of directors of Select Group Limited and its Subsidiaries (collectively the “**Group**”) wishes to announce that one of its wholly owned subsidiaries, Select F&B (Suzhou) Co., Ltd (the “**Company**”), has on the 18th February 2008 entered into a sale and purchase agreement (the “**Agreement**”) with Mr. Shen Dao Quan and Mr. Xu Jie (collectively, the “**Purchasers**”), for the disposal of the entire fixed assets in Suzhou, China owned by the Company (the entire transaction to be known as the “**Proposed Disposal**”).

2. Consideration

The aggregate consideration of RMB5 million or Singapore Dollar equivalent of S\$1 million (the “**Consideration**”) shall be satisfied by a deposit payment of RMB1 million upon signing of the Agreement by the Purchasers to the Company and the remaining balance of RMB4 million shall be settled in full by payment from the Purchasers to the Company upon completion of the Proposed Disposal.

The Consideration was arrived at on a “willing buyer-willing seller” basis after taking into account, *inter alia*, the net asset value of the disposed assets of RMB8.24 million or Singapore Dollar equivalent of S\$1.66 million of the Company, based on the latest announced unaudited Group’s consolidated financial statements as at 30 June 2007 (“**HY2007**”), and the Company’s business strategies.

The gross proceeds from the Proposed Disposal represent a deficit of approximately S\$0.66 million over the net assets value of the disposed assets of the Company.

3. Rationale for the Proposed Disposal

The proposed disposal is in line with the Company’s plan to discontinue its loss-making institutional catering operations in Suzhou, China and shift its business focus from institutional catering to retail operations.

4. Use of sale proceeds

The Company intends to utilize the sales proceeds arising from the Proposed Disposal for its business and operations in China, including working capital, when opportunities arise.

5. Financial Effects of the Proposed Disposal

- 5.1 Assuming that the Proposed Disposal had been completed on the 1st January 2006 and based on the audited consolidated financial statements of the Group for the financial year ended on the 31st December 2006 (“**FY2006**”), the Proposed Disposal would result in a loss approximately S\$700,000 over the net assets value of the disposed assets of approximately S\$1,684,000.

5.2 Earnings per share

Assuming the Proposed Disposal had been completed on the 1st January 2006 and based on the audited consolidated financial statements of the Group for FY2006, the proforma financial effects on the consolidated earnings of the Group are as follows:

	Before Proposed Disposal	After Proposed Disposal
Group's profit/(loss) after tax ('000)	260	(440)
Earnings/(Loss) per share (cents)	0.28	(0.47)

5.3 Net tangible assets per share

Assuming the Proposed Disposal had been completed on the 31st December 2006 and based on the audited consolidated financial statements of the Group for FY2006, the proforma financial effects on the Group's net tangible assets ("NTA") are as follows:

	Before Proposed Disposal	After Proposed Disposal
Net tangible assets (S\$'000)	6,940	6,240
NTA per share (cents)	7.49	6.73

6. **Relative Figures computed pursuant to Rule 1006 of the Listing Manual**

The Proposed Disposal is governed by Rule 1006 of the Listing Manual. The relative figures computed on the bases set out in Rule 1006 of the SGX-ST Listing Manual in relation to the Proposed Disposal are as follows:

(a)	Net asset value of assets to be disposed of, compared with the Group's net assets value (based on the latest announced Group's consolidated results as at 30 June 2007)	12.2%
(b)	Net profits attributable to the assets disposed of, compared with the Group's net profits	Not applicable
(c)	Aggregate value of consideration received, compared with the Group's market capitalization (as at 18 February 2008)	2.4%
(d)	Number of equity securities issued by the Group as consideration for the acquisition, compared with the number of equity securities previously in issue	Not applicable

Based on the above, the Proposed Disposal is a discloseable transaction for the purpose of Chapter 10 of the SGX-ST Listing Manual.

7. **Interest of the Directors and Substantial Shareholders of the Group and the Company**

Save for their shareholdings in the Group and the Company, none of the Directors of the Group and the Company has any personal interest, direct or indirect, in the Proposed Disposal. The Directors are not aware of any substantial shareholders having any interest, direct or indirect, in the Proposed Disposal other than that arising from its shareholding in the Group and the Company, and have not received any notifications of any interest in this transaction from any substantial shareholder.

A copy of the Agreement will be made available for inspection during normal business hours at the Group's registered office at 36 Senoko Crescent, Singapore 758282 for a period of 3 months from the date of this announcement.

By the Order of the Board

Tan Chor Khoon
Managing Director