

**SELECT CATERING SERVICES LIMITED (“COMPANY”)
SUBSCRIPTION OF AN AGGREGATE OF 39,000,000 NEW ORDINARY SHARES IN THE
CAPITAL OF THE COMPANY**

Subscription of 39,000,000 New Shares

The Directors of Select Catering Services Limited are pleased to announce that the Company has on 2 November 2006 entered into a Subscription Agreement (“**Agreement**”) with Alimento Holdings Limited (“**Subscriber**”) pursuant to which the Subscriber has agreed to subscribe for, and the Company has agreed to allot and issue to the Subscriber, an aggregate of 39,000,000 new ordinary shares in the capital of the Company (“**Subscription Shares**”) at an aggregate consideration of S\$7,020,000 on the basis of S\$0.18 (“**Issue Price**”) per Subscription Share (“**Subscription**”).

The Issue Price of S\$0.18 for each Subscription Share is equivalent to the weighted average price for trades done on the SGX-SESDAQ on 18 October 2006. 18 October 2006 was the market day on which the Shares were last traded on the SGX-SESDAQ before the date of the Subscription Agreement.

The Subscription Shares, when issued and fully paid, shall rank *pari passu* in all respects with and carry all rights similar to existing shares of the Company except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the date of completion of the Subscription (“**Completion Date**”).

Conditions Precedent

The completion of the Subscription is conditional upon the following being satisfied and fulfilled:-

- (a) approval of the Company’s shareholders for allotment and issue of the Subscription Shares being obtained in a general meeting to be convened;
- (b) approval in-principle for the listing and quotation of the Subscription Shares on the Official List of the SGX-SESDAQ being obtained from the SGX-ST and not revoked or amended and, where such approval is subject to conditions pertaining to and are to be complied with by the Subscriber, such conditions being reasonably acceptable to the Subscriber;
- (c) the issue and subscription of the Subscription Shares on the Completion Date (which is defined as 3 market days after the fulfilment of the conditions in (a) and (b) abovementioned) not being prohibited by any statute, order, rule or regulation promulgated after the date of the Agreement by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Company;
- (d) the Subscriber being reasonably satisfied on the Completion Date that the Subscription Shares will be admitted to and listed for quotation on the Official List of the SGX-SESDAQ without undue delay after the Completion Date;
- (e) there having been, as at the Completion Date, no occurrence of any event nor the discovery of any fact rendering untrue or incorrect in any respect any of the warranties contained in the Agreement if they were repeated on and as of the Completion Date; and
- (f) as of the Completion Date, the trading of the issued Shares on the SGX-SESDAQ not being suspended by the SGX-ST (other than a suspension on a temporary basis requested by the Company) and the issued Shares not having been delisted from the Official List of the SGX-SESDAQ.

Termination

The Agreement may be terminated in the following situations:-

- (a) In the event that any of the conditions precedent are not fulfilled or complied with on or before the expiry of three months from the date of the Agreement or such later date as the Subscriber and the Company may agree in writing;

- (b) By either party in the event that the other party fails to complete the Subscription in accordance with the terms of the Agreement; and
- (c) By either party in the event that the other party is in breach of any of the warranties and undertakings contained in the Agreement and such party fails to remedy the breach within seven days after receipt of a written notice to do so served on it by the non-defaulting party.

Use of proceeds

The proceeds of the Subscription are intended to be used for working capital, business expansion as well as to enable the Group to pursue new business opportunities with better profit margins so as to improve shareholders' value. This includes developing new business segments and markets to enhance the Group's food catering and retail business. Pending the deployment of the proceeds, such proceeds may be placed as deposits with financial institution or invested in short term money markets or debt instruments or for any other purposes on a short term basis as the Directors may deem fit.

Changes in share capital

When completed, the Subscription will increase the issued share capital of the Company as at the date of this announcement from S\$6,422,470 divided into 92,713,400 ordinary shares to S\$13,442,470 divided into 131,713,400 ordinary shares.

The aggregate of the Subscription Shares represent approximately 42.1% of the existing issued and paid-up share capital of the Company as at the date of this announcement and 29.6% of the enlarged issued and paid-up share capital of the Company after completion of the Subscription.

Financial impact

Based on the audited consolidated accounts of the Group as at 31 December 2005, (a) the net asset value per share of the Group, after adjusting for the Subscription Shares, will increase from approximately 7.71 cents to 10.66 cents and (b) the earnings per share of the Group, after adjusting for the Subscription Shares, will decrease from approximately 0.03 cents to 0.02 cents.

Circular

Upon fulfillment of the relevant conditions precedent set out in the Agreement, a circular containing further details of the proposed Subscription, and enclosing a notice of extraordinary general meeting in connection therewith, will be dispatched to Shareholders in due course.

Directors' and Substantial Shareholders' interests

None of the Directors, substantial shareholders of the Company or their respective associates have any interests or are deemed to be interested in the Subscription (other than through their shareholdings in the Company).

By Order of the Board

Tan Chor Khoo
Managing Director

Date: 2 November 2006