



Regulatory Action - SGX REPRIMANDS NEL GROUP AND ITS DIRECTORS, REPORTS CASE TO MAS AND CAD

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1. The Exchange reprimands NEL Group Ltd ("NEL" or the "Company") and its directors for breaching Listing Rules 703 for failing to disclose material information on a timely basis and 704(12) for failing to comply with the Exchange's directive.
2. The directors on NEL's Board are Lam Nai Man, R. Kalaichelvan, Chieng Siong Kuong and Victor Lim Yong Poh. R. Kalaichelvan, Chieng Siong Kuong and Victor Lim Yong Poh are also members of the Audit Committee.

Breaches of Listing Rules 703 and 704(12)

3. On 2 January 2009, SGX directed NEL to appoint Special Auditors to investigate into the affairs of the Company. This followed the filing by its former auditors, KPMG Certified Public Accountants, of a confidential report to the Minister for Finance pursuant to section 207(9A) of the Companies Act. The Company appointed Ernst & Young Risk Advisory Services Pte Ltd ("EY") as Special Auditors to conduct the independent investigation.
4. On 22 March 2010, EY presented a draft report on its findings to the Audit Committee and the Exchange. Thereafter, the Exchange repeatedly requested the Audit Committee to provide its comments, if any, on the draft report so that the report could be finalized and released publicly. The Audit Committee repeatedly failed to do so.
5. To avoid further delay, the Exchange on 20 May 2010 directed the Board to release by the next day the Executive Summary of the Special Auditors' report via SGXNet. Results of the Special Auditors' review are material information that must be promptly released pursuant to Rule 703 of the Listing Manual.
6. Two members of the NEL Board requested for an extension to 22 May 2010. Even this deadline has not been complied with.
7. Based on the above, the Exchange reprimands NEL and its directors – Lam Nai Man, R. Kalaichelvan, Chieng Siong Kuong and Victor Lim Yong Poh for breaches of Listing Rules 703 and 704(12).

SGX reports a case to MAS

8. Listing Rule 703 has statutory backing under section 203 of the Securities and Futures Act. The Exchange will refer this breach to the Monetary Authority of Singapore ("MAS"), and representations made by the Company's directors to the Exchange will be scrutinized.

9. Failure of the directors to comply with the Exchange's directive gives rise to questions of their demonstrating the qualities expected of directors of SGX-listed companies. SGX-listed companies are advised to consult the Exchange before they appoint any of these persons as a director or member of management.

Release of Special Auditors' findings

10. In view of NEL's failure to release the Special Auditors' findings, the Exchange releases the Executive Summary in order for shareholders and the investing public to be informed of the Company's state of affairs.

SGX reports the case to CAD

11. The Exchange will lodge a report with the Commercial Affairs Department ("CAD") on possible breaches of the law arising from Special Auditors' findings.

12. Trading in the Company's shares remains suspended.