

BREADTALK GROUP LIMITED

(Incorporated in Singapore)

Company Registration Number: 200302045G

SUBSCRIPTION OF NEW SHARES IN STAR FOOD PTE LTD RESULTING IN IT BECOMING A SUBSIDIARY OF BREADTALK GROUP LIMITED

The Board of Directors of BreadTalk Group Limited ("**the Company**") wishes to announce that pursuant to a joint venture agreement ("**JVA**") executed between the Company and Aspac F&B International Pte Ltd ("**AIPL**"), the Company and AIPL have agreed to invest in Star Food Pte Ltd ("**Star Food**"), a private limited company incorporated in Singapore. The Company has agreed to subscribe for 600,000 new ordinary shares of Star Food for a cash consideration of S\$600,000, while AIPL, which holds 1 ordinary share in Star Food prior to the JVA, has agreed to subscribe for additional 399,999 new ordinary shares of Star Food, for a cash consideration of S\$399,999. Upon completion of the share subscription, the Company and AIPL will own 60% and 40% of the issued share capital of Star Food respectively.

The JVA further provides that both the Company and AIPL shall, over the course of the next 2 years, make further contributions of a total of S\$5,000,000 towards the working capital of Star Food in their respective shareholding proportions, either by way of subscribing for additional shares, or providing shareholders' loans. Based on its current 60% shareholding, the Company expects to invest about S\$3,000,000. For the purpose of this Announcement, the cash consideration of S\$600,000 and the expected investment of S\$3,000,000 are collectively referred to as the "Initial Investment".

AIPL is a subsidiary of Fong Tat Group Pte Ltd. The Fong Tat group, headquartered in Singapore, is a diversified group with core interests in food and beverage, auto parts distribution and property development in the region.

As part of the Group's plans to expand its food-related business in the People's Republic of China, the Company decided to co-invest with AIPL in Star Food to capitalise on potential ventures. AIPL and the Company are currently in negotiation with other parties to finalise binding agreements on behalf of Star Food. The Company will provide more information and make the appropriate announcement on these ventures in due course, in accordance to the requirements of the SGX-ST Listing Manual.

The Company's Initial Investment in Star Food will be funded by internal resources. The Initial Investment in Star Food does not constitute a discloseable transaction under the provisions of Rule 1010 of the Singapore Exchange Securities Trading Limited's Listing Manual.

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect in the above transaction.

BY ORDER OF THE BOARD

Tan Cher Liang
Company Secretary

14 May 2008