

BREADTALK GROUP LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 200302045G)

(A) JOINT VENTURE AGREEMENT TO INVEST IN CARL KARCHER ENTERPRISES (CAYMAN) LTD.

(B) SALES OF ASSETS TO CKE (SHANGHAI) F&B MANAGEMENT LIMITED

1. INTRODUCTION

The Board of Directors of BreadTalk Group Limited (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that Star Food Pte. Ltd. (a wholly-owned subsidiary of the Company) ("**SFPL**") has on 30 August 2013 been allotted 2,400 shares in the capital of Carl Karcher Enterprises (Cayman) Ltd. ("**Cayman Co**"), with its total investment amount at S\$3,062,400¹ (the "**Investment**"). The Investment is pursuant to a joint venture agreement (the "**JVA**") entered into on 16 July 2013. Subsequent to the Investment, Shanghai Star Food F&B Management Co., Ltd (a wholly-owned subsidiary of the Company) ("**SHSF**") will sign an Asset Purchase Agreement ("**APA**") with CKE (Shanghai) F&B Management Limited (a wholly-owned subsidiary of Cayman Co) ("**Shanghai Co**") to sell certain of its assets at S\$1,846,372 (the "**Proposed Asset Sales**").

2. OVERVIEW OF THE PROPOSED INVESTMENT AND ASSET SALES

2.1 Information on Cayman Co and its subsidiaries

Cayman Co was incorporated on 21 November 2012 and holds all the issued and paid-up shares in the capital of Carl Karcher Enterprises (HK) Limited ("**Hong Kong Co**") which in turn holds 100% of the equity interest in Shanghai Co. Shanghai Co will undertake the purpose of locating, developing, owning and operating Carl's Jr.® restaurants, as a Carl's Jr.® franchisee within the municipality of Shanghai and the Zhejiang and Jiangsu provinces.

2.2 Information on SFPL and its subsidiaries

In June 2008, SFPL and its subsidiaries were set up to secure the Master License Agreements from Carl Karcher Enterprises, LLC ("**CKE**") for the right to develop restaurants under the Carl's Jr.® brand in the People's Republic of China ("**PRC**").

2.3 Information on the Investment

SFPL has agreed to subscribe for 2,400 ordinary shares for a total sum of S\$3,062,400, pursuant to which SFPL will hold a 40.0% equity interest in Cayman Co as well as its subsidiaries. The remaining stake of 3,600 shares, representing 60% equity interest is held by CKE Asia Holdco (Cayman), Ltd., a wholly owned company of CKE.

¹ USD is converted to SGD using the exchange rate 1.276 as at 30 August 2013

2.4 Information on the Proposed Asset Sales

Pursuant to the terms of the APA, SHSF has agreed to sell to Shanghai Co its 4 Carl's Jr.® outlets and other identified assets as detailed in the APA for an estimated consideration of S\$1,846,372, subject to inventory verifications at the time of the transfer, which will be satisfied fully by cash upon the completion of the transaction.

3. RATIONALE FOR THE PROPOSED INVESTMENT AND PROPOSED ASSET SALES

The joint investment with CKE in Cayman Co is a strategic partnership to further develop the Carl's Jr.® brand in the PRC. With CKE's expertise in operating fast food chains and the Company's established track record of operating F&B outlets in the PRC, the brand could see an accelerated pace in outlet expansion as well as a faster return on its investments.

The sale of the 4 existing outlets and certain assets to the Shanghai Co will be a head start for Shanghai Co to transit into full operations seamlessly.

4. FINANCIAL EFFECTS

For illustrative purposes only, the proforma financial effects of the Investment and Proposed Asset Sales on the share capital of the Company, the net tangible asset value ("**NTA**") per ordinary share in the capital of the Company (the "**Share**") and earnings per Share ("**EPS**"), based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2012 ("**FY2012**") and the terms in the HOA, are set out below:-

(a) Share Capital

The Investment will have no impact on the number of issued Shares of the Company.

(b) NTA per Share

Assuming that the Investment and Proposed Asset Sales had been completed on 31 December 2012, it would have the following impact on the NTA per Share of the Group.

In S\$'000	As at 31 December 2012	Proforma after completion
NTA	74,019	74,364
Issued share capital	281,064	281,064
NTA per share	26.34	26.46

(c) EPS

Assuming that the Proposed Investment and Proposed Asset Sales had been completed on 1 January 2011, it would have the following impact on the Earnings per Share of the Group.

EPS per ordinary shares (In Singapore cents)	As at 31 December 2012	Proforma after completion
Based on weighted average number of ordinary shares in issue	4.27	4.39
On a fully diluted basis	4.25	4.38

5. **RELATIVE FIGURES ON THE BASES SET OUT IN RULE 1006 OF THE SGX-ST LISTING MANUAL**

Based on the latest announced unaudited financial information of the Group as at 30 June 2013, the relative figures for the Investment and Proposed Asset Sales computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited are as follows:

Bases under Rule 1006	Investment	Proposed Asset Sales
Rule 1006(a)	As at 30 June 2013	
Size of relative figure	Not applicable to an acquisition of assets	2.2%
Rule 1006(b)	For financial period ended 30 June 2013	
Size of relative figure	Not applicable as Cayman Co and its subsidiaries are newly set up companies.	Not applicable as this is a disposal of fixed assets
Rule 1006(c)		
Aggregate amount of consideration (S\$'000)	3,062	1,846
Market capitalisation ⁽¹⁾ of the Company as at 29 August 2013 (being the last trading day immediately preceding the date of the Investment) (S\$'000)	250,292	250,292
Size of relative figure	1.2%	0.7%
Rule 1006(d)	Not applicable	Not applicable

Note:-

- (1) The market capitalisation of the Company is based on 281,511,614 Shares in issue (excluding treasury shares) as at 29 August 2013 (being the last trading day immediately preceding the date of the Investment) and the weighted average price of the Shares transacted on the SGX-ST on the same date of S\$0.8891.

6. INTEREST(S) OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or the substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Investment and Proposed Asset Sales.

7. DOCUMENT FOR INSPECTION

A copy of the JVA and APA is available for inspection at the registered office of the Company at 30 Tai Seng Street, #09-01, Singapore (534013) during normal business hours for a period of 3 months from the date of this Announcement.

By Order of the Board of the Company
Lawrence Yeo
Group CFO
5 September 2013