

## **BREADTALK GROUP LIMITED**

(Incorporated in Singapore)

Company Registration Number: 200302045G

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### **ACQUISITION OF A NEW SUBSIDIARY AND FIXED ASSETS IN HONG KONG**

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The Board of Directors of BreadTalk Group Limited (the "Company") wishes to announce that Megabite Hong Kong Limited ("Megabite HK"), a 85% owned subsidiary of Topwin Investment Holding Pte Ltd, which in turn is a wholly owned subsidiary of the Company, has acquired 1 ordinary share of HKD1.00, representing 100% of the equity share capital of BreadTalk Concept Hong Kong Limited ("BreadTalk Concept") for HKD1.00.

A further 499,999 ordinary shares of HKD1.00 each have also been allotted at par to Megabite HK. The authorised share capital of BreadTalk Concept is HKD2,000,000/- divided into 2,000,000 ordinary shares of HKD1.00 each.

Since the launch of its Food Republic brand in Hong Kong in late 2005, the Group realized that its BreadTalk and ToastBox brands could be developed to their full potential using Food Republic as a growth platform. The Group has reached an agreement with the existing franchisee to end the BreadTalk franchise so as to give the Group better control over the development of the potential of the BreadTalk and Toastbox brands in Hong Kong.

Accordingly, BreadTalk Concept has entered into a sale and purchase agreement ("S&P Agreement") to acquire certain fixed assets of the franchisee, namely Hong Kong BreadTalk Limited ("Hong Kong BreadTalk"), for a total consideration of HKD650,000/-. Hong Kong BreadTalk is a 25% owned associated company of BreadTalk International Pte Ltd, which in turn is a wholly owned subsidiary of the Company.

BreadTalk Concept has paid HKD195,000/- to Hong Kong BreadTalk upon the signing of the S&P Agreement with the remaining consideration to be paid upon completion of the S&P Agreement.

Upon completion of the S&P Agreement, Hong Kong BreadTalk will cease its operations and use the proceeds from the sale of assets to repay its creditors.

This transaction is funded by internal resources and is not expected to have any material impact on the earnings per share and net tangible assets of the Company and the Group for the financial year ending 31 December 2007.

The investment does not constitute a disclosable 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

17 August 2007