

**PROPOSED ACQUISITION OF THE SHARES IN MWA PTE. LTD.**

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1. The Board of Directors (the "**Board**") of BreadTalk Group Limited (the "**Company**") had previously announced on 20 July 2005 (the "**Announcement**") that Megabite (S) Pte. Ltd. ("**MSPL**"), a wholly-owned subsidiary of Topwin Investment Holding Pte Ltd, which in turn is a wholly owned subsidiary of the Company, had entered into a 50:50 joint venture agreement ("**JVA**") with Ristoranti Pte. Ltd. ("**RPL**"), relating, *inter alia*, to the parties' investment in MWA Pte. Ltd. ("**MWA**").
2. Pursuant to the terms of the JVA, RPL had on 29 Nov 2007 notified MSPL that it wishes to sell all its shares in MWA (the "**Shares**") and had also offered them to MSPL for an aggregate price of S\$3.8 million ("**RPL's Notification**"). The Board is pleased to announce that on 10 December 2007, MSPL accepted RPL's offer and will acquire the Shares (the "**Proposed Acquisition**").

**Information on MWA**

3. MWA is a company incorporated in Singapore and operates the food atrium and a café at Wisma Atria Shopping Mall in Singapore. MWA has an issued and paid-up ordinary share capital of S\$4.0 million. Based on the latest consolidated accounts of the MWA for the 11 months ended 30 November 2007:-
  - (a) the book value of MWA was about S\$5.1 million; and
  - (b) the net tangible asset value ("**NTA**") of MWA was about S\$5.0 million;

As MWA is not listed on any stock exchange, it does not have an open market value.

**Rationale for the Proposed Acquisition**

4. Under the terms of the JVA, either RPL or MSPL has to offer its shares in MWA to the other existing shareholder before it can offer them to a third party. Upon receipt of RPL's Notification, MSPL had 7 business days to respond. In the event that MSPL does not accept RPL's offer, RPL will be entitled to transfer the Shares to a third party and it is likely that MSPL will then have to work with a new joint venture partner.
5. The Proposed Acquisition is earnings accretive and allows the BreadTalk Group greater flexibility in developing its F&B brands and retail portfolio going forward. And as MSPL manages the day-to-day operations of MWA, the Board is of the view that the operations of MWA will not be materially affected by the Proposed Acquisition. As such, MSPL has accepted RPL's offer.

## Consideration

6. The purchase consideration for the Shares is S\$3.8 million. This is the price proposed by RPL. Based on the latest consolidated accounts of MWA for the 11 months ended 30 November 2007, the purchase consideration represents:-
- (a) about 1.5 times of MWA's NTA attributable to the Shares; and
  - (b) about 9.9 times of MWA's net profit (after tax) attributable to the Shares.
7. The purchase consideration will be funded from internal sources and payable in full on completion of the transfer of the Shares.

## Financial effects of the Proposed Acquisition

8. For illustrative purposes only, based on the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2006, the financial effects of the Proposed Acquisition on the Group are estimated as follows:-

- (a) NTA

	<u>As at 31 December 2006</u>	<u>After the Proposed Acquisition<sup>1</sup></u>
NTA (S\$)	19,167,000	17,651,000
NTA per share (cents)	9.54	8.79

- (b) Earnings per share ("EPS")

	<u>FY06</u>	<u>After the Proposed Acquisition<sup>2</sup></u>
EPS (cents)	2.14	2.32

9. **Rule 1006 test**

**(A) Rule 1006(a) – Net asset comparison**

Not applicable.

**(B) Rule 1006(b) – Net profit comparison**

Profit before tax of the Company (based on consolidated accounts for the half-year ended 30 June 2007) = S\$4,520,000

<sup>1</sup> Assuming that the Proposed Acquisition had been completed on 31 December 2006 and considering only the financial effects of the Proposed Acquisition.

<sup>2</sup> Assuming that the Proposed Acquisition had been completed on 1 January 2006 and considering only the financial effects of the Proposed Acquisition.

Net Profit of MWA attributable to the Shares = S\$334,000

Relative figure = 7.4%

**(C) Rule 1006(c) – Consideration comparison**

Company's market capitalisation as at  
7 December 2007 = S\$151,541,000

Consideration = S\$3,800,000

Relative figure = 2.5%

**(D) Rule 1006(d) – Equities in issue comparison**

Not applicable.

**Interests of directors**

10. None of the Directors or controlling shareholder of the Company has any interest in the Proposed Acquisition.

**Miscellaneous**

11. A copy of the JVA, RPL's Notification and MWA's Acceptance is available for inspection during normal business hours at the registered office of the Company at 171 Kampong Ampat, #05-05 KA FoodLink, Singapore 368330, for a period of three months from the date of this Announcement.

**BY ORDER OF THE BOARD**

Tan Cher Liang  
Company Secretary

12 December 2007