

**BREADTALK GROUP LIMITED**  
**Company Registration Number: 200302045G**

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**DISPOSAL OF INTEREST IN SHENZHEN BREADTALK RESTAURANT MANAGEMENT COMPANY LIMITED**

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The Board of Directors of the Company would like to announce that Shanghai Xinjiafang Food & Beverage Co. Ltd ("XJF") (a wholly owned subsidiary of Topwin Investment Holding Pte Ltd, which in turn is a wholly owned subsidiary of the Company) has entered into an Agreement ("the Agreement") with Power Signal Company Limited ("PSC") for the sale of XJF's 30% shareholding in Shenzhen BreadTalk Restaurant Management Company Limited ("BT Shenzhen"), a company registered in the People's Republic of China, to PSC who currently holds 70% of shareholding in BT Shenzhen.

The total consideration for the sale of shares shall be US\$113,378.65 and shall be paid in full by PSC to XJF within 7 days from the completion of the transfer of XJF's 30% shareholding to PSC.

Based on the unaudited management accounts of BT Shenzhen as at 30 Nov 2006, XJF's 30% share of shareholders' equity in BT Shenzhen amounts to approximately S\$77,834. The disposal will result in a net gain of S\$96,000.

The transaction was arrived at a willing buyer willing seller basis and the terms and conditions of the Agreement were commercially negotiated at an arm's length basis. Upon completion of the sale, BT Shenzhen would cease to be an associated company of the Company.

The divestment is in line with the Group's strategy to adopt a franchising model in China for markets outside Beijing and Shanghai.

The disposal 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 substantial shareholders of the Company has an interest, direct or indirect, in the above transaction.

A copy of the Agreement is available for inspection during normal business hours at the Company's registered address at 171 Kampong Ampat, #05-05, KA FoodLink, Singapore 368330 for three months from the date of this announcement.

Submitted by Tan Cher Liang, Secretary, on 19 January 2007 to the SGX.