

BREADTALK GROUP LIMITED

(Incorporated in the Republic of Singapore on 6 March 2003)

(Company Registration No. 200302045G)

PROPOSED PLACEMENT OF 34,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF BREADTALK GROUP LIMITED AT AN ISSUE PRICE OF S\$0.36 PER NEW SHARE

The Board of Directors of BreadTalk Group Limited (the *Company*) wishes to announce that the Company has entered into a Placement Agreement with Kim Eng Securities Pte. Ltd. (the "*Placement Agent*") on 28 March 2007 (the "*Placement Agreement*") where, subject to and upon the terms and conditions of the Placement Agreement, the Placement Agent has agreed to subscribe and pay for and/or procure subscription and payment for, 34,000,000 new ordinary shares (the "*New Shares*") in the capital of the Company at the placement price of S\$0.36 (the "*Offer Price*") for each New Share (the "*Placement*") on a firm commitment basis.

Shareholders' Mandate

The New Shares will be issued and allotted pursuant to the general mandate to allot and issue ordinary shares (the "*Shares*") in the Company (whether by way of rights, bonus or otherwise) granted by the shareholders of the Company by way of an ordinary resolution of the Company's shareholders at the Company's annual general meeting held on 27 April 2006. The New Shares represent approximately 16.92% of the existing issued share capital of the Company.

Details of the Placement

The New Shares when issued and fully paid will rank *pari passu* in all respects with the Shares existing as at the time of issue of the New Shares.

The Offer Price represents a discount of approximately 4.1% to the weighted average price of S\$0.3754 for trades done for the Shares on the Singapore Exchange Securities Trading Limited (the "*SGX-ST*") from 9.00 a.m up to 5.00 p.m on 27 March 2007 (being the preceding market day prior to the suspension of trading of the Shares on the SGX-ST).

When completed, the 34,000,000 New Shares will increase the existing issued and paid up share capital of the Company from S\$21.5 million comprising 200,911,034 Shares to approximately

S\$33.3 million comprising 234,911,034 Shares.

Condition Precedent

The Placement is subject to certain conditions precedent more particularly set out in the Placement Agreement, including the in-principle approval from the SGX-ST for the listing and quotation of the New Shares on the Main Board of the SGX-ST.

Financial Effects of the Private Placement

As at 19 March 2007, which is the Latest Practicable Date, the Company's issued and paid-up capital is approximately S\$21.5 million, comprising 200,911,034 Shares. When completed, the Company's issued and paid-up capital is approximately S\$33.3 million, comprising 234,911,034 Shares. Based on the consolidated balance sheet of the Company as at 31 December 2006, the issue of the New Shares will increase the net asset value per share from 13.73 cents to 16.77 cents (on an enlarged basis).

Use of Proceeds

Based on the Issue Price per Placement Share, the net proceeds (net of the estimated amount of expenses incurred in connection with the Placement) is approximately S\$11.79 million. All of such net proceeds will go to the Company.

The net proceeds from the Placement will be allocated to each principal intended use as follows:-

- (a) approximately S\$3.0 million for the investment and upgrading of factory;
- (b) approximately S\$5.0 million for F&B outlet expansion;
- (c) approximately S\$2.0 million for new market development; and
- (d) approximately S\$0.5 million for the repayment of bank loans.

The balance of the net proceeds would be used for working capital purposes.

Pending their eventual utilisation for the proposed uses, the net proceeds may be deposited with banks and/or financial institutions as the Directors may deem appropriate.

Interests of Directors and Substantial Shareholders

None of the Directors or substantial shareholders of the Company or their associates has any interest, direct or indirect, in the Placement (other than through their shareholdings in the Company).

BY ORDER OF THE BOARD

GEORGE QUEK MENG TONG

Chairman

28 March 2007

Submitted by George Quek Meng Tong,
Chairman on 28 March 2007 to the SGX-ST.