

APPENDIX DATED 5 APRIL 2016

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This appendix (**Appendix**) is circulated to the Shareholders (as defined herein) of BreadTalk Group Limited (Company Registration Number 200302045G) (**Company**), together with the Company's annual report for the financial year ended 31 December 2015 (**Annual Report**). The purpose of this Appendix is to provide information to the Shareholders in relation to, and to seek Shareholders' approval for the proposed renewal of the Shareholders' general mandate for share purchase which is to be tabled at the annual general meeting of the Company to be held on 20 April 2016 at 9.30 am at 30 Tai Seng Street #09-01 BreadTalk IHQ, Singapore 534013 (**Annual General Meeting**). The Notice of the Annual General Meeting and the accompanying Proxy Form are enclosed with the Annual Report.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares, you should immediately forward this Appendix, the Annual Report and the enclosed documents to the purchaser or to the bank, stockbroker or other agent through whom you effected the sale or transfer for onward transmission to the purchaser.

The Singapore Exchange Securities Trading Limited (**SGX-ST**) assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.



BREADTALK GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number 200302045G)

APPENDIX

in relation to

THE PROPOSED RENEWAL OF THE SHAREHOLDERS' GENERAL MANDATE FOR SHARE PURCHASE

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DEFINITIONS

For the purpose of this Appendix, the following definitions apply throughout unless the context otherwise requires or unless otherwise stated:

ACRA	: The Accounting and Corporate Regulatory Authority
associate(s)	: Shall have the same meaning as ascribed to the term in the Listing Manual
associated companies	: Shall have the same meaning as ascribed to the term in the Listing Manual
Annual General Meeting	: The annual general meeting of the Company to be held on 20 April 2016, 9.30 am.
Average Closing Price	: The average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares on the SGX-ST were recorded immediately preceding the date of the On-Market Purchase (as defined in paragraph 3.3.1 of this Appendix) by the Company or, as the case may be, the date of making of the offer pursuant to the Off-Market Purchase (as defined in paragraph 3.3.1 of this Appendix), and deemed to be adjusted in accordance with the Listing Manual, for any corporate action which occurs after the relevant five (5) day period
Board	: The board of Directors of the Company for the time being or such number of them as having authority to act for the Company as at the date of this Appendix
BreadTalk Group Limited Restricted Share Grant Plan	: The Group's restricted share grant plan which was approved at an Extraordinary General Meeting held on 28 April 2008.
CDP	: The Central Depository (Pte) Limited
Companies Act	: The Companies Act (Chapter 50) of Singapore as amended, supplemented or modified from time to time.
Company or BreadTalk	: BreadTalk Group Limited
Corporation	: Shall have the same meaning as ascribed to the term in the Companies Act
date of making of the offer	: The date on which the Company makes an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price (as defined in paragraph 3.4 of this Appendix) determined on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase
Directors	: The directors for the time being of the Company
EPS	: Earnings per Share
Group	: The Company and its subsidiaries collectively
Latest Practicable Date	: 23 March 2016, being the latest practicable date prior to the printing of this Appendix
Listing Manual	: The listing manual of the SGX-ST as amended, supplemented or modified from time to time
Market Day	: A day on which the SGX-ST is open for trading in securities
month	: Calendar month

NTA	: Net tangible assets
SGX-ST	: Singapore Exchange Securities Trading Limited
Share Purchase Mandate	: The proposed general mandate to authorise the directors of the Company to purchase Shares on behalf of the Company in accordance with the terms set out in this Appendix as well as the rules and regulations set forth in the Companies Act and the Listing Manual
Shareholders	: Persons who are registered as holders of the Shares, except that where CDP is the registered holder, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the Depositors whose securities accounts maintained with CDP are credited with the relevant Shares
Shares	: Ordinary shares in the capital of the Company
subsidiaries	: Shall have the same meaning as ascribed to the term in the Companies Act
substantial shareholder	: Shall have the same meaning in relation to the Company as ascribed to the term in the Companies Act
Take-over Code	: The Singapore Code on Takeovers and Mergers
Treasury Shares	: Shall have the same meaning as ascribed to the term in the Companies Act
per cent or %	: Per centum or percentage
S\$ and cents	: Singapore dollars and cents, respectively

The terms **Depositor**, **Depository Agent** and **Depository Register** shall have the meanings ascribed to them respectively in Section 81SF of the Act (Chapter 289) of Singapore.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders.

References to persons shall include corporations.

The headings in this Appendix are inserted for convenience only and shall be disregarded in construing this Appendix.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification hereof and not otherwise defined in this Appendix shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Appendix is made by reference to Singapore time unless otherwise stated.

Any discrepancies in the figures included in this Appendix between the amounts listed and totals thereof and/or the respective percentages are due to rounding.

BREADTALK GROUP LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number 200302045G)

Directors

Dr George Quek Meng Tong (Chairman)
Katherine Lee Lih Leng (Deputy Chairman)
Ong Kian Min (Lead Independent Director)
Dr Tan Khee Giap (Independent Director)
Chan Soo Sen (Independent Director)
Paul Charles Kenny (Non-Executive Director)

Registered Office

30 Tai Seng Street
#09-01
BreadTalk IHQ
Singapore 534013

5 April 2016

To: The Shareholders of BreadTalk Group Limited

Dear Sir/Madam

THE PROPOSED RENEWAL OF THE SHAREHOLDERS' GENERAL MANDATE FOR SHARE PURCHASE

1. INTRODUCTION

The Directors of the Company propose to table, for Shareholders' consideration and approval, the renewal of the Share Purchase Mandate.

The purpose of this Appendix is to explain the rationale for and provide information to Shareholders for the proposed renewal of the Share Purchase Mandate.

The Share Purchase Mandate was renewed by Shareholders at the annual general meeting held on 22 April 2015, with such mandate being expressed to take effect until the conclusion of the Company's forthcoming annual general meeting. Accordingly, the Directors propose that the Share Purchase Mandate be renewed at the Annual General Meeting to be held on 20 April 2016, to take effect until the conclusion of the next annual general meeting.

The terms of the proposed Share Purchase Mandate, in respect of which Shareholders' approval for renewal of the same is being sought at the Annual General Meeting, are set out in this Appendix for the Shareholders' ease of reference.

The SGX-ST takes no responsibility for the accuracy of any statements or opinions made in this Appendix.

2. THE SHARE PURCHASE MANDATE

2.1 *The Rationale*

The Directors constantly seek to increase Shareholders' value and to improve, inter alia, the return on equity of the Group. The Share Purchase Mandate will give the Company the flexibility to undertake purchases of its Shares at any time, subject to market conditions and funding arrangements, during the period when the Share Purchase Mandate is in force.

Share buyback at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced. It provides the Company with an easy mechanism to facilitate the return of surplus cash over and above the ordinary capital requirements in an expedient, effective and

cost efficient manner. It also allows the Directors to exercise control over the Company's share capital structure and may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the EPS and/or NTA per Share of the Company.

The Directors further believe that the share buyback by the Company will help mitigate short-term market volatility, offset the effects of short-term share price speculation and bolster shareholder confidence.

The Directors, when approving any share buyback pursuant to the Share Purchase Mandate, will take into account the impact the share buyback may have on the liquidity of the Shares. The Directors are committed to ensuring that any share buyback by the Company is in the best interests of the Company and will not have any material adverse impact on the free float, liquidity and/or orderly trading of the Shares. The Directors are also committed to ensuring that the proposed Share Purchase Mandate and any share buyback by the Company do not contravene any article in the articles of association of the Company or any law or regulation governing the Company.

While the proposed Share Purchase Mandate would authorise a purchase or acquisition of Shares of up to 10.00% of the issued share capital of the Company excluding Treasury Shares as at the date of the Annual General Meeting at which the Share Purchase Mandate is approved, Shareholders should note that purchases and acquisitions of Shares pursuant to the Share Purchase Mandate might not be carried out to the full 10.00% limit as authorised and no purchase or acquisition of Shares would be made in circumstances which would or may have a material adverse effect on the financial position of the Company or the Group.

2.2 *The Mandate*

Approval was sought from Shareholders at the annual general meeting held on 22 April 2015 for the renewal of the Share Purchase Mandate for the purchase or acquisition by the Company of its issued Shares. With the approval, the Share Purchase Mandate took effect from the date of the annual general meeting held on 22 April 2015 and will continue in force until the date of the Annual General Meeting, or such date as the next annual general meeting is required to be held by law, unless prior thereto, share buybacks are carried out to the full extent mandated, or the Share Purchase Mandate is revoked or varied in any general meeting of the Company. The Share Purchase Mandate will be put to Shareholders for renewal at each subsequent annual general meeting of the Company whereupon it will lapse, unless it is renewed at such meeting.

3. TERMS OF THE MANDATE

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Purchase Mandate, if renewed at the Annual General Meeting, are summarised as follows:

3.1 *Maximum Number of Shares*

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired pursuant to the Share Purchase Mandate shall not exceed 10.00% of the issued Shares of the Company as at the date of the annual general meeting of the Company held where the resolution authorising the Share Purchase Mandate is passed, unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act in which event the issued Shares shall be taken to be the amount as altered, excluding any Treasury Shares that may be held by the Company. Under the Companies Act, any Shares which are held as Treasury Shares will be disregarded for the purpose of computing the 10.00% limit.

For illustrative purposes only, on the basis of 281,505,468 Shares (being the total number of Shares excluding 387,770 Treasury Shares) as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the Annual General Meeting, not more than 28,150,546 Shares (representing 10.00%) of the issued ordinary share capital of the Company excluding Treasury Shares as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Purchase Mandate.

3.2 *Duration of Authority*

The Company may purchase its Shares at any time and from time to time, on and from the date of the annual general meeting at which the Share Purchase Mandate is approved up to the earliest of:

- (i) the date on which the next annual general meeting of the Company is held or required by law to be held;
- (ii) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked by Shareholders in a general meeting; or
- (iii) the date on which the share buyback has been carried out to the full extent mandated.

The Share Purchase Mandate may be renewed at each annual general meeting or other general meeting of the Company.

3.3 *Manner of Purchase*

3.3.1 *Purchases or acquisitions of Shares may be made by way of, inter alia:*

- (i) an on-market purchase (**On-Market Purchase**) transacted on the SGX-ST through the SGX-ST's Quest-ST trading system and/or through one (1) or more duly licensed dealers appointed by the Company for the purpose; and/or
- (ii) an off-market purchase (**Off-Market Purchase**), otherwise than on the SGX-ST, effected in accordance with an equal access scheme or schemes as defined in Section 76C of the Companies Act.

3.3.2 In an Off-Market Purchase, the Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes.

Under the Companies Act, an equal access scheme must satisfy all the following conditions:

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded:
 - (a) differences in consideration attributable to the fact that the offers may relate to Shares with different accrued dividend entitlements;
 - (b) if applicable, differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
 - (c) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

3.3.3 In addition, under the Listing Manual, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders containing at least the following information:

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;

- (iii) the reasons for the proposed share buyback;
- (iv) the consequences, if any, of the share buyback by the Company, that will arise under the Take-over Code or other applicable take-over rules;
- (v) whether the share buyback, if made, will have any effect on the listing of the Shares on the SGX-ST;
- (vi) details of any share buyback made by the Company in the previous 12 months (whether On-Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (vii) whether the shares purchased by the issuer will be cancelled or kept as Treasury Shares.

3.4 Maximum Purchase Price

The purchase price per Share (excluding brokerage, stamp duties, commission, applicable goods and services tax, clearance fees and other related expenses) to be paid for the Shares purchased or acquired shall be determined by the Directors and shall not exceed the maximum price as set out below (Maximum Price):

- (i) in the case of an On-Market Purchase, 105.00% of the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 110.00% of the Average Closing Price of the Shares.

4. STATUS OF PURCHASED SHARES

Any Share, unless held by the Company in treasury, is deemed cancelled immediately upon purchase and all rights and privileges attached to that Share will expire on cancellation. All cancelled Shares will be automatically delisted by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired which are cancelled and not held as Treasury Shares.

5. TREASURY SHARES

Any Share which is purchased or acquired by the Company may be held or dealt with as Treasury Shares. Where the Company holds the purchased Shares as Treasury Shares, the Company may deal with such Treasury Shares in such manner as may be permitted by and in accordance with the Companies Act. Some of the provisions on Treasury Shares under the Companies Act are summarised below:

5.1 Maximum Holdings

The number of Shares held as Treasury Shares cannot at any time exceed 10.00% of the total number of issued Shares.

5.2 Voting and Other Rights

The Company shall be registered as a member in respect of the Treasury Shares but the Company shall not have the right to exercise any right in respect of the Treasury Shares, including the right to attend or vote at meetings or to receive dividends in respect of such Treasury Shares.

However, the allotment of shares as fully paid bonus shares in respect of Treasury Shares is allowed.

Also, a subdivision or consolidation of any Treasury Share into Treasury Shares of a smaller amount is allowed so long as the total value of the Treasury Shares after the subdivision or consolidation is the same as before.

5.3 Disposal and Cancellation

Where Shares are held by the Company as Treasury Shares, the Company may at any time:

- (i) sell the Treasury Shares for cash;
- (ii) transfer the Treasury Shares for the purposes of or pursuant to an employees' share option or award scheme;
- (iii) transfer the Treasury Shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the Treasury Shares; or
- (v) sell, transfer or use the Treasury Shares for such other purposes as the Minister of Finance may by order prescribe.

6. SOURCE OF FUNDS

Under the Companies Act, the Company may purchase its own Shares out of capital, as well as from its profits, provided that the Company is solvent. For this purpose, pursuant to the Companies Act, the Company is solvent if:

- (i) the Company is able to pay its debts in full at the time it purchases the Shares and will be able to pay its debts as they fall due in the normal course of business during the 12 months immediately following the date of the payment made for any such purchase of Shares; and
- (ii) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the purchase or acquisition of Shares, become less than the value of its liabilities (including contingent liabilities), having regard to the most recent financial statements of the Company and all other circumstances that the Directors or managers of the Company know or ought to know that affect or may affect such values.

The Company intends to use its internal sources of funds or external borrowings or a combination of both, to finance any purchase or acquisition of the Shares. The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that it would materially affect the working capital requirements and/or gearing of the Group.

7. FINANCIAL EFFECTS

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, inter alia, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time, the amount (if any) borrowed by the Company or the Group to fund the purchases or acquisitions, whether the Shares are purchased out of capital or profits of the Company and whether the Shares purchased or acquired are held in treasury or cancelled. It is therefore not possible to accurately calculate or quantify the impact at this point of time.

7.1 Purchase or Acquisition Out of Profits or Capital

Where the consideration paid by the Company for the purchase or acquisition of the Shares is made out of profits, such consideration (excluding brokerage, stamp duties, commission, applicable goods and services tax, clearance fees and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of the Shares is made out of capital, the amount available for distribution of cash dividends by the Company will not be reduced.

Where the purchase of Shares is financed through internal sources of funds, it will reduce the cash reserves of the Group and the Company, and thus the current assets and shareholders' funds of the Group and the Company. This will result in an increase in the gearing ratio of the Group and the Company and a decline in the current ratios of the Group and the Company. The actual impact on the gearing and current ratios will depend on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

Where the purchase or acquisition of Shares is financed through external borrowings, there would be an increase in the gearing ratio of the Group and the Company, and a decline in the current ratios and shareholders' funds of the Group and the Company, and a decline in the current ratios and shareholders' funds of the Group and the Company, with the actual impact dependent on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

7.2 *Maximum Price Paid for Purchase of Shares as at the Latest Practicable Date*

Assuming that at the Latest Practicable Date, the Company purchased or acquired the maximum of 28,150,546 Shares at the Maximum Price, the maximum amount of funds required for the purchase or acquisition of Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax, clearance fees and other related expenses) would be:

- (i) in the case of an On-Market Purchase of the Shares, approximately S\$30,852,998 based on S\$1.096 for each Share (being the price equivalent to 5.00% above the Average Closing Price of the Shares); and
- (ii) in the case of an Off-Market Purchase of the Shares, approximately S\$32,316,827 based on S\$1.148 for each Share (being the price equivalent to 10.00% above the Average Closing Price of the Shares).

The Average Closing Price of the Shares traded on the SGX-ST for the 5 consecutive Market Days immediately preceding the Latest Practicable Date was S\$1.044 for each Share.

7.3 *Whether the Shares are Cancelled or Held in Treasury*

In the case where the Company chooses not to hold the purchased Shares in treasury, such Shares shall be cancelled. The Company shall:

- (i) reduce the amount of its share capital where the Shares were purchased or acquired out of the capital of the Company;
- (ii) reduce the amount of its profits where the Shares were purchased or acquired out of the profits of the Company; or
- (iii) reduce the amount of its share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and profits of the Company,

by the total amount of the purchase price paid by the Company for the Shares cancelled. Where the purchased Shares are held in treasury, the total issued Shares of the Company will remain unchanged.

7.4 *Pro forma Financial Effects*

For illustrative purposes only, Table A below lists four possible scenarios of purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate, based on the following assumptions:-

- (i) the Share Purchase Mandate had been effective on the Latest Practicable Date and the Company had acquired or purchased on the Latest Practicable Date the maximum number of Shares at the Maximum Price as stated in paragraph 7.2 above, subject always that the Company shall

only cancel such Shares up to the amount of its share capital, being S\$33,302,915 as at 31 December 2015;

- (ii) the Company has 281,505,468 issued and paid-up Shares excluding Treasury Shares as at the Latest Practicable Date, and no additional Shares were issued after the Latest Practicable Date pursuant to the exercise;
- (iii) the Company has as at 31 December 2015:
 - (a) issued share capital of approximately S\$33,302,915; and
 - (b) cash and cash equivalents of approximately S\$94,896,000; and
- (iv) the consideration for the purchase or acquisition of the Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax, clearance fees and other related expenses) is financed by internal sources of funds,

and based on the audited financial statements of the Group for the financial year ended 31 December 2015, the effects of the purchase or acquisition of such Shares by the Company on the financial position of the Company and the Group are as follows:

Table A

Scenario of purchase or acquisition of Shares

The following four possible scenarios in Table A are purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate, with the pro-forma financial effects shown in detail in Table B below:

Share Purchase					Maximum Number of Shares to be Purchased	
Scenario	Out Of	Type	Whether held as Treasury Shares or Cancelled	Maximum Price per Share (S\$)	Number of Shares	Equivalent Percentage of Issued Shares
1(A)	Capital	Market	Held as Treasury Shares	1.096	28,150,546	10.00%
1(B)	Capital	Market	Cancelled	1.096	28,150,546	10.00%
1(C)	Capital	Off-Market	Held as Treasury Shares	1.148	28,150,546	10.00%
1(D)	Capital	Off-Market	Cancelled	1.148	28,150,546	10.00%

Table B

Pro-forma financial effects on the Group for scenarios of Share purchases or acquisition by the Company out of capital

	Per Consolidated Financial Statements as at 31 December 2015	Pro-forma Financial Effects as at 31 December 2015 for Scenarios in Table A			
		1(A)	1(B)	1(C)	1(D)
Share Capital (\$'000)	33,303	33,303	2,450	33,303	986
Reserves (\$'000)	96,273	96,273	96,273	96,273	96,273
Minority Interest (\$'000)	17,226	17,226	17,226	17,226	17,226
Treasury Shares (\$'000)	(378)	(31,231)	(378)	(32,695)	(378)
Total Equity (\$'000)	146,424	115,571	115,571	114,107	114,107
NTA – (\$'000)	122,295	91,442	91,442	89,978	89,978
Current Assets (\$'000) ⁽¹⁾	179,629	148,776	148,776	147,312	147,312
Current Liabilities (\$'000)	262,231	262,231	262,231	262,231	262,231
Number of Shares ⁽²⁾	281,505,468	253,354,922	253,354,922	253,354,922	253,354,922
<u>Financial Ratios</u>					
NTA per Share (cents)	43.44	36.09	36.09	35.51	35.51
Current Ratio (times)	0.69	0.57	0.57	0.56	0.56

Notes:

- (1) Assuming that the share purchase is funded fully by cash.
- (2) Excluding Shares that are held in treasury or cancelled.

Shareholders should note that the financial effects set out above, based on the respective aforementioned assumptions, are for illustration purposes only. In particular, it is important to note that the above analysis is based on historical audited numbers as at 31 December 2015, save for the number of Shares, which is based on the number of Shares as at the Latest Practicable Date, and is not necessarily representative of future financial performance.

Although the Share Purchase Mandate would authorise the Company to buy back up to 10.00% of the Company's issued Shares, the Company may not necessarily buy back all 10.00% of the issued Shares in full.

In particular, the maximum number of Shares that the Company may purchase under the Companies Act is limited by the solvency requirements set out in the Companies Act, as described in Paragraph 6 of this Appendix.

8. LISTING RULES AND OTHER REPORTING REQUIREMENTS

8.1 *Price of On-Market Purchase*

The Listing Manual specifies that a listed company may purchase its shares by way of On-Market Purchases at a price per share which is not more than 5.00% above the Average Closing Price. The Maximum Price for a Share in relation to On-Market Purchases by the Company, referred to in paragraph 3.4 of this Appendix, conforms to this restriction.

8.2 *Notification to SGX-ST*

The Listing Manual specifies that a listed company shall notify the SGX-ST of all purchases or acquisitions of its shares no later than 9.00 a.m. (a) in the case of an On-Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares; and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. The notification of such purchase or acquisition of shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe, such as details of the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for such shares, as applicable.

8.3 *Off-Market Purchase*

For an Off-Market Purchase, the Listing Manual requires that the listed company issue an offer document to all shareholders containing the information as set out in paragraph 3.3.3 of this Appendix.

8.4 *Insider Trading*

While the Listing Manual does not expressly prohibit the purchase of shares by a listed company during any particular time or times, because the listed company would be considered an “insider” in relation to any purchase of its shares, the Company will not purchase or acquire any Shares pursuant to the Share Purchase Mandate after a price sensitive development has occurred or has been the subject of a consideration and/or a decision of the Board until such time as the price sensitive information has been publicly announced. In particular, in line with the best practices recommended in Listing Manual on securities dealings, the Company will not purchase or acquire any Shares during the period commencing two (2) weeks and one (1) month immediately preceding the announcement of the Company’s quarterly and full year results respectively.

8.5 *Listing Status*

The Listing Manual requires a listed company to ensure that at least 10.00% of the total number of issued Shares excluding Treasury Shares (excluding preference shares and convertible equity securities) in a class that is listed is at all times held by public shareholders. The “public”, as defined under the Listing Manual, are persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of the company and its subsidiaries, as well as associates of such persons.

As at the Latest Practicable Date, there are approximately 75,916,796 Shares in the hands of 1,962 public Shareholders, representing 26.97% of the issued share capital of the Company excluding Treasury Shares. Assuming that the Company were to purchase its Shares from public Shareholders through an On-Market Purchase up to the full 10.00% limit excluding Treasury Shares pursuant to the Share Purchase Mandate and then cancel such Shares, the number of Shares in the hands of the public would be reduced to 47,766,244 Shares, representing 18.85% of the reduced issued share capital of the Company excluding Treasury Shares.

Accordingly, the Company is of the view that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through On-Market Purchases up to the full 10.00% limit excluding Treasury Shares pursuant to the proposed Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST.

In undertaking any purchase of its Shares, the Directors will use their best efforts to ensure that, notwithstanding such purchases, a sufficient float in the hands of the public will be maintained so that purchases or acquisitions of the Shares will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

8.6 Reporting Requirements under the Companies Act

- (i) Within 30 days of the passing of a Shareholders' resolution to approve the purchases of Shares by the Company, the Company shall lodge a copy of such resolution with ACRA.
- (ii) The Company shall notify ACRA within 30 days of a purchase of Shares on the SGX-ST or otherwise. Such notification shall include details of the date of the purchases, the total number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as Treasury Shares, the Company's issued share capital before the purchase, the Company's issued share capital after the purchase, the amount of consideration paid by the Company for the purchase, whether Shares were purchased or acquired out of the profits or the capital of the Company, and such other particulars as may be required in the prescribed form.
- (iii) Within 30 days of the cancellation or disposal of Treasury Shares in accordance with the provisions of the Companies Act, the Directors shall notify ACRA such cancellation or disposal of Treasury Shares in the prescribed form.

9. TAKE-OVER IMPLICATIONS

The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

9.1 Obligation to Make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code (Rule 14). Under Rule 14, a Shareholder and persons acting in concert with the Shareholder will incur an obligation to make a mandatory take-over offer if, inter alia, he and the persons acting in concert with him increase their voting rights in the Company to 30.00% or more or, if they, together holding between 30.00% and 50.00% of the Company's voting rights, increase their voting rights in the Company by more than 1.00% in any period of six (6) months.

9.2 Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons will be presumed to be acting in concert, including:

- (i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid in this paragraph 9.2(ii) for the purchase of voting rights, all with each other; and
- (iii) an individual with his close relatives, related trusts and any person who is accustomed to act in accordance with his instructions and companies controlled by these persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid persons in this paragraph 9.2(iii) for the purchase of voting rights, all with each other.

For this purpose, ownership or control of at least 20.00% but not more than 50.00% of the voting rights of a company will be regarded as the test of associated company status.

Consequently, a director and persons acting in concert (as such term is defined in the Take-over Code) with him could, depending on the level of increase in his or their interest in the company, become obliged to make a mandatory offer in accordance with Rule 14 as a result of the company's purchase or acquisition of its Shares.

9.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

Appendix 2 of the Take-over Code contains the Share Buy-back Guidelines Note. In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, directors of a company and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14:

- (i) if as a result of the company purchasing or acquiring its shares, the voting rights of such directors and their concert parties would increase to 30.00% or more; or
- (ii) in the case of the voting rights of such directors and their concert parties falling between 30.00% and 50.00% of the company's voting rights, such voting rights would increase by more than 1.00% in any period of six (6) months.

In calculating the percentage of voting rights of such directors and their concert parties, Treasury Shares shall be excluded.

Additionally, under Appendix 2 of the Take-over Code, a shareholder not acting in concert with the directors of a company will not be required to make a take-over offer under Rule 14 if, as a result of the company purchasing or acquiring its shares, the voting rights of such shareholder would increase to 30.00% or more, or if such shareholder holds between 30.00% and 50.00% of the company's voting rights, the voting rights of such shareholder would increase by more than 1.00% in any period of six (6) months. Such shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

As at the Latest Practicable Date, Dr George Quek Meng Tong and Katherine Lee Lih Leng each hold 95,687,660 and 52,415,020 Shares respectively, representing approximately 33.99% and 18.62% of the total issued share capital excluding Treasury Shares respectively. In aggregate, they hold 148,102,680 Shares representing approximately 52.61% shareholding interest in the Company.

Based on the direct holdings of Shares of Dr George Quek Meng Tong and Katherine Lee Lih Leng as at the Latest Practicable Date, and assuming that:

- (i) there is no change in their direct holdings of Shares between the Latest Practicable Date and the date of the Annual General Meeting; and
- (ii) Dr George Quek Meng Tong and Katherine Lee Lih Leng do not sell or otherwise dispose of their Shares,

their respective holdings of Shares as at the date of the Annual General Meeting and after the purchase by the Company of 10.00% of the Shares excluding Treasury Shares pursuant to the Share Purchase Mandate, where they are deemed cancelled, are as follows:

	Before Share Purchase (as at date of Annual General Meeting)		After Share Purchase	
	Shares	%	Shares	%
Dr George Quek Meng Tong	95,687,660	33.99	95,687,660	37.77
Katherine Lee Lih Leng	52,415,020	18.62	52,415,020	20.69
Total shareholding	148,102,680	52.61	148,102,680	58.46

Therefore, as at the Latest Practicable Date, Dr George Quek Meng Tong and Katherine Lee Lih Leng have a combined shareholding interest of approximately 52.61% in the Company and would not be obliged to make a general offer under Rule 14 and Appendix 2 of the Take-over Code to other Shareholders due to the Share Purchase Mandate. The Directors are not aware of any Shareholder and/or potential Shareholder(s) who may have to make a general offer to the other Shareholders as a result of a purchase of Shares by the Company pursuant to this proposed Share Purchase Mandate.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory general offer under the Take-over Code as a result of purchases or acquisitions of Shares by the Company, are advised to consult their professional advisers and/or the Securities Industry Council and/or other relevant authorities at the earliest opportunity before they acquire any Shares during the period when the Share Purchase Mandate is in force.

10. TAX IMPLICATIONS

Section 10J of the Income Tax Act, Chapter 134 of Singapore, stipulates that when a company purchases or acquires its own shares from a shareholder using funds other than contributed capital of the company, the payment by the company shall be deemed to be a dividend paid by the company to the shareholder. Accordingly, the Company will, in repurchasing its own Shares out of profits, be deemed to have paid a dividend to its Shareholders from whom the Shares are purchased.

Shareholders who are in doubt as to their respective tax positions or the tax implications of a purchase or acquisition of Shares by the Company or who may be subject to tax whether in or outside Singapore should consult their own professional advisers.

11. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests of Directors and substantial shareholders in Shares (as recorded in the Company's register of interests of Directors and register of substantial shareholders respectively) are as follows:

Directors	Number of Shares				Number of Shares comprised in outstanding share options ⁽²⁾ / awards
	Direct Interest	% ⁽¹⁾	Deemed Interest	% ⁽¹⁾	
Dr George Quek Meng Tong ^(a)	95,687,660	33.99	52,415,020	18.62	–
Katherine Lee Lih Leng ^(b)	52,415,020	18.62	95,687,660	33.99	–
Dr Tan Khee Giap	–	–	20,000	0.01	–
Ong Kian Min	120,000	0.04	–	–	–
Chan Soo Sen	–	–	–	–	–
Paul Charles Kenny	–	–	–	–	–

Notes:

- (1) The percentage is calculated based on the total issued and paid-up share capital of 281,505,468 Shares (being the total number of Shares excluding 387,770 Treasury Shares) as at the Latest Practicable Date.
- (2) As at the Latest Practicable Date, there is no outstanding option issued.

Substantial Shareholders	Direct Interest		Deemed Interest	
	Shares	%	Shares	%
Dr George Quek Meng Tong ^(a)	95,687,660	33.99	52,415,020	18.62
Katherine Lee Lih Leng ^(b)	52,415,020	18.62	95,687,660	33.99
Primacy Investment Limited	36,626,800	13.01	–	–
Paradice Investment Management LLC ^(c)	–	–	17,034,224	6.05

Notes:

- (a) Dr George Quek Meng Tong is deemed interested in the Shares held by his wife, Katherine Lee Lih Leng.
- (b) Katherine Lee Lih Leng is deemed interested in the Shares held by her husband, Dr George Quek Meng Tong.
- (c) Paradice Investment Management LLC (“Paradice LLC”) is a fund manager in the United States which manages various individual client portfolios under the “Global Small Mid Gap” strategy. As fund manager, Paradice LLC has discretion and authorzity over the sale and purchase of the abovementioned shares, and is also entitled to exercise the votes z to those shares on behalf of the underlying investor. Therefore, Paradice LLC has deemed interest in the abovementioned shares.

Save as disclosed, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect in the Shares of the Company.

12. SHARES PURCHASED BY THE COMPANY

In the last 12 months preceding the date of this Appendix, the Company had made On-Market Purchases of its Shares pursuant to the Share Purchase Mandate, details of which are set out below:

Date of Purchase	Total Number of Shares Purchased	Price Paid for each of the Shares Purchased S\$	Total Consideration Paid for the Shares Purchased ⁽¹⁾ S\$
16 April 2015	50,000	1.395	69,929.13
17 April 2015	2,900	1.395	4,090.03
22 April 2015	52,000	1.3781	71,845.22
23 April 2015	75,000	1.375	103,389.83
24 April 2015	20,000	1.375	27,570.62
19 August 2015	123,500	1.1077	137,152.25
20 August 2015	200,000	1.13	226,580.37
24 August 2015	11,000	1.105	12,203.01
11 January 2016	20,200	1.1	22,277.07
20 January 2016	30,000	1.1	33,084.74
Total	584,600	-	708,122.27

Note:

(1) Includes applicable brokerage and clearing fees.

The 584,600 Shares purchased pursuant to the Share Purchase Mandate were held as Treasury Shares. Part of the Treasury Shares were transferred on 15 May 2015 to employees of the Group pursuant to the BreadTalk Group Limited Restricted Share Grant Plan, which as approved at an Extraordinary General Meeting held on 28 April 2008.

13. DIRECTORS' RECOMMENDATION

By reason of their respective controlling interests in the Shares, Dr George Quek Meng Tong and Katherine Lee Lih Leng shall abstain from making any recommendation in respect of the Share Purchase Mandate. For the reasons set out in paragraph 2 above (save for those who are abstaining from making recommendations as set out in this paragraph 12) the Directors (excluding Dr George Quek Meng Tong and Katherine Lee Lih Leng) are of the opinion that the Share Purchase Mandate to purchase Shares by the Company is in the interest of the Company and accordingly recommend that Shareholders vote in favour of the resolution relating to this matter to be proposed at the Annual General Meeting as set out in the Notice of Annual General Meeting in page 156 of this Annual Report.

14. INSPECTION OF DOCUMENTS

Copies of the following documents are available for inspection at the registered office of the Company at 30 Tai Seng Street #09-01 BreadTalk IHQ Singapore 534013 during normal business hours from the date of this Appendix up to the date of the forthcoming Annual General Meeting to be held on 20 April 2016 at 9.30 am:

- (i) the Memorandum and Articles of Association of the Company; and
- (ii) the audited consolidated accounts of the Company for the financial year ended 31 December 2015.

15. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the circular in its proper form and context.

Yours faithfully
For and on behalf of the Board of Directors of
BreadTalk Group Limited

Dr George Quek Meng Tong
Chairman