



(Company No.: 200302045G)
(Incorporated in the Republic of Singapore)

RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON JOINT VENTURE TO INVEST IN HSR HEALTHCARE MIXED-USE DEVELOPMENTS IN CHINA

The Board of Directors (the “**Board**”) of BreadTalk Group Limited (the “**Company**” together with its subsidiaries, the “**Group**”) refers to the Company’s announcement for the joint venture to invest in HSR healthcare mixed-use developments in China released on 3 January 2018. The Board would like to respond to the following queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 4 January 2018 (each, a “**SGX Query**”) as follows:

SGX Query 1

Please disclose whether the Company’s Proposed Investment into the Joint Venture is considered to be a diversification of its business.

Company’s Response to SGX Query 1

The Proposed Investment is not considered to be a diversification of our business. As disclosed in our SGX announcement, paragraph 3, Rationale for the Proposed Investment, we disclosed that: “The Board views the Proposed Investment as an opportunity to participate in the healthcare real estate development market in the PRC, riding on the substantial expertise and experience of the joint venture partners. The Company may also explore potential food and beverage businesses within such healthcare real estate development in future when the projects are completed.”

To elaborate, upon completion of the healthcare projects, the Group intends to explore working with the healthcare players operating within these projects to meet their food and beverage (“**F&B**”) needs. For example, the Group may set up food manufacturing operations within these developments to supply meals to the hospitals and eldercare facilities. Being a shareholder in the consortium of the Proposed Investment puts the Group in a favourable position to have a first mover’s advantage in working with the healthcare players that are planning to set up operations in the developments.

The Group’s aforesaid business strategy is consistent throughout its several other investments with Perennial-led consortium in the past, including:

- (a) S\$10 million investment in Katong Mall announced on 18 November 2009 (http://breadtalk.listedcompany.com/newsroom/20091118_200100_5DA_2392FCA67AB72F8848257672003AA55F.1.pdf)
- (b) S\$18 million investment in CHIJMES announced on 4 November 2011 (http://breadtalk.listedcompany.com/newsroom/20111104_173547_5DA_E61491DECA8376534825793E002FD560.1.pdf)
- (c) S\$34.65 million investment in Phase 1 and 2 of Beijing Tongzhou Integrated Development announced on 16 April 2013 (http://breadtalk.listedcompany.com/newsroom/20130416_072810_5DA_F5B638C98C58628548257B4E008066D2.1.pdf)

(d) S\$17.49 million investment in TripleOne Somerset announced on 9 January 2014 (http://breadtalk.listedcompany.com/newsroom/20130416_072810_5DA_F5B638C98C5862854_8257B4E008066D2.1.pdf)

All the above investments were approved by the Board at that time, with the relevant rationale disclosed in the announcements on how they will benefit the existing business of the Group. The Board at that time was of the view that the above investments were not a diversification of the Group's business, and therefore, were not subject to Shareholders' approval.

For the current Proposed Investment announced on 3 January 2018, the Board has taken the similar view that it is not a diversification of the Group's business.

SGX Query 2

Please clarify if the proposed diversification of its business will be subject to Shareholders' approval.

Company's Response to SGX Query 2

Pursuant to our response to SGX Query 1 above, the Board of the Group is of the view that the Proposed Investment is not subject to Shareholders' approval.

By Order of the Board

Shirley Tan Sey Liy
Company Secretary
5 January 2018