BAKER TECHNOLOGY LIMITED
(Unique Entity Number 198100637D)

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF WARRANTS ON THE BASIS OF ONE (1) WARRANT FOR EVERY TWO (2) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY

1. INTRODUCTION

The Board of Directors of Baker Technology Limited (the "**Company**") wishes to announce that the Company is proposing to undertake a renounceable non-underwritten rights issue (the "**Warrants Issue**") of up to 327,749,909 warrants (the "**Warrants**") at an issue price of S$0.01 (the "**Issue Price**") for each Warrant. Each Warrant will carry the right to subscribe for one (1) new ordinary share in the capital of the Company (the "**New Share**") at an exercise price of S$0.32 for each New Share (the "**Exercise Price**") during the Exercise Period (as defined in paragraph 2 below). The Warrants Issue will be made on the basis of one (1) Warrant for every two (2) existing ordinary shares in the capital of the Company (the "**Shares**") held by Entitled Shareholders (as defined in paragraph 3 below) as at a books closure date to be determined by the Directors (the "**Books Closure Date**"), fractional entitlements to be disregarded.

The Warrants Issue will be undertaken pursuant to the share issue mandate approved by the shareholders of the Company (the "**Shareholders**") at the annual general meeting held on 23 April 2009 (the "**Share Issue Mandate**"). The Share Issue Mandate authorises, *inter alia*, the Directors to allot and issue new Shares and/or instrument convertible into Shares of not more than 50% of the total number of issued Shares (excluding treasury shares) by way of a renounceable rights issue to Shareholders on a pro-rata basis, of which the aggregate number of new Shares and/or instruments convertible into Shares to be issued other than on a pro-rata basis to existing Shareholders shall not be more than 20% of the total number of issued Shares (excluding treasury shares). Accordingly, the Company will not be seeking specific approval from the Shareholders for the Warrants Issue.

An application will be made to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for its approval in-principle for the listing of and quotation for the Warrants and the New Shares on the Main Board of the SGX-ST. The listing and quotation of the Warrants on the Main Board of the SGX-ST will be subject to there being an adequate spread of holdings for the Warrants to provide for an orderly market for the trading of the Warrants. Each board lot of the Warrants will consist of 1,000 Warrants or such other board lot size which the SGX-ST may require and as may be notified by the Company.

To demonstrate their strong commitment to and continuing support for the Company, Saberon Investments Pte Ltd ("**Saberon**") which holds 436,168,700 Shares and Mr Tan Yang Guan ("**Mr Tan**") who holds 1,000,000 Shares, representing approximately 69.01% and 0.16% respectively of the issued share capital of the Company as at the date of this announcement, had each undertaken to the Company and NRA Capital Pte. Ltd., the manager to the Warrants Issue, that they will, *inter alia*, subscribe for their entitlements to the Warrants under the Warrants Issue. In addition, Saberon had also undertaken to make excess application(s) to subscribe for all the remaining balance of Warrants, which are not the subject of the aforementioned irrevocable undertakings by Saberon and Mr Tan. Details of the irrevocable undertakings by Saberon and Mr Tan (collectively the **"Undertaking Shareholders"**) are set out in paragraph 4 below.

2. BACKGROUND INFORMATION AND PRINCIPAL TERMS OF THE WARRANTS ISSUE

As at the date hereof, the existing issued share capital of the Company is 632,013,976 Shares (the "**Existing Share Capital**"). The Company does not hold any treasury shares.

Pursuant to a renounceable non-underwritten rights issue undertaken by the Company during its financial year ended 31 December 2006, the Company had in connection therewith, issued 28,499,819 warrants as constituted under a deed poll dated 16 May 2006. As at the date of this announcement, an aggregate of 23,485,843 warrants remain outstanding (the "**Outstanding 2006 Warrants**").

Based on the Existing Share Capital and taking into account the irrevocable undertakings provided by the Undertaking Shareholders (as detailed in paragraph 4 below) to, *inter alia*, subscribe for their entitlement of the Warrants and apply for excess Warrants and on the assumption that none of the Shareholders other than the Undertaking Shareholders, exercise their Outstanding 2006 Warrants, 325,952,413 Warrants will be issued by the Company pursuant to the Warrants Issue (the "**Minimum Subscription Scenario**").

Based on the Existing Share Capital and assuming that the entire Outstanding 2006 Warrants are exercised prior to the Books Closure Date, up to 327,749,909 Warrants will be issued by the Company pursuant to the Warrants Issue (the "**Maximum Subscription Scenario**").

Entitled Shareholders will be free to accept in full or in part, decline or otherwise renounce their provisional allotments of Warrants under the Warrants Issue, and will also be eligible to apply for additional Warrants in excess of their provisional allotments.

In the allotment of excess Warrants, preference will be given to the rounding of odd lots, and the Directors and substantial Shareholders will rank last in priority.

The Warrants will be issued in registered form and will be listed and traded on the Main Board of the SGX-ST under the book-entry (scripless) settlement system, upon the listing and quotation of the Warrants on the Main Board of the SGX-ST, subject to, *inter alia*, there being an adequate spread of holdings of the Warrants to provide for an orderly market in the Warrants. Each Warrant will, subject to the terms and conditions governing the Warrants to be set out in an instrument by way of a deed poll (the "**Deed Poll**"), entitle its holder to subscribe for one (1) New Share at the Exercise Price at any time during the period commencing on and including the date of issue of the Warrants and expiring on the date immediately preceding the third (3rd) anniversary of the date of issue of the Warrants (the "**Exercise Period**"). Any Warrant remaining unexercised at the expiry of the Exercise Period shall lapse and cease to be valid for any purpose.

The Issue Price and the Exercise Price together represents a premium of 13.79% over the closing price of S$0.29 per Share traded on the SGX-ST on 20 August 2009, being the date of this announcement.

The Exercise Price and the number of Warrants to be held by each holder of Warrants will be subject to adjustments under certain circumstances in accordance with the Deed Poll. The New Shares to be issued upon the exercise of the Warrants will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which falls before the relevant date of exercise of the Warrants.

The terms and conditions of the Warrants Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Warrants Issue will be contained in the offer information statement to be issued by the Company in connection with the Warrants Issue (the "**Offer Information Statement**").

3. ELIGIBILITY TO PARTICIPATE IN THE WARRANTS ISSUE

The Company is proposing the Warrants Issue to Shareholders whose registered addresses with the Company or The Central Depository (Pte) Limited (the "**CDP**"), as the case may be, are in Singapore as at the Books Closure Date or who have, at least five (5) market days prior to the Books Closure Date, provided to the Company or the CDP, as the case may be, addresses in Singapore for the service of notices and documents (the "**Entitled Shareholders**").

For practical reasons and in order to avoid any violation of the relevant legislation applicable in countries other than Singapore, the Warrants will not be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least five (5) market days prior to the Books Closure Date, provided to the Company or the CDP, as the case may be, addresses in Singapore for the service of notices and documents (the "**Foreign Shareholders**").

The entitlements to Warrants which would otherwise be provisionally allotted to the Foreign Shareholders may, if it is practicable to do so, be sold "nil-paid" on the SGX-ST as soon as practicable after the commencement of trading of the nil-paid rights. The net proceeds of such sales (after deducting any applicable brokerage, commissions and expenses, including goods and services tax) will be aggregated and paid to Foreign Shareholders in proportion to their respective shareholdings in the Company as at the Books Closure Date, save that no payment will be made for amounts of less than S$10 to a single or joint Foreign Shareholder, which amounts will be aggregated and will ultimately accrue to the benefit of the Company. No Foreign Shareholder shall have any claim whatsoever against the Company or the CDP in connection therewith.

Where such provisional allotments of Warrants are sold "nil-paid" on the Main Board of the SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company or the CDP in respect of such sales or the proceeds thereof, of such provisional allotments of Warrants or the Warrants represented by such provisional allotments. If such provisional allotments of Warrants cannot be or are not sold on the Main Board of the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Warrants, the Warrants represented by such provisional allotments will be dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company or the CDP in connection therewith.

Any entitlements to the Warrants which are not taken up will be aggregated and allotted to satisfy excess applications, disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

4. IRREVOCABLE UNDERTAKINGS BY SHAREHOLDERS

As at the date of this announcement, Saberon and Mr Tan had both provided to the Company and the Manager the following irrevocable undertakings in relation to their respective holdings of Shares and Outstanding 2006 Warrants:

(a) as at the date of this announcement, Saberon holds 19,825,850 and Mr Tan holds 65,000 Outstanding 2006 Warrants respectively. Saberon and Mr Tan will exercise all their respective Outstanding 2006 Warrants prior to the Books Closure Date;

(b) Saberon and Mr Tan will subscribe or procure subscriptions in full for their Warrant entitlements under the Warrants Issue which amounts to 227,997,275 and 532,500 Warrants respectively, based on their existing shareholdings in the Company and the new shares arising from the exercise of the aforesaid Outstanding 2006 Warrants; and

(c) Saberon will make excess application(s) to subscribe for all the remaining balance of Warrants which are not the subject of the irrevocable undertakings mentioned in paragraph 4(b) above. On the basis that all the Outstanding 2006 Warrants are exercised before the Books Closure Date, Saberon will make excess application(s) to subscribe for the remaining balance of, up to 99,220,134 Warrants.

Dr Benety Chang, Mr Anthony Sabastian Aurol and Mr Tan, the Directors of the Company, are deemed interested in the Shares held through Saberon. Dr Doris Heng Chin Ngor, the spouse of Dr Benety Chang is also deemed interested in the Shares held through Saberon.

In view of the above irrevocable undertakings, the Company has decided to proceed with the Warrants Issue on a non-underwritten basis.

5. PURPOSE OF THE WARRANTS ISSUE AND USE OF PROCEEDS

The Directors believe that the Warrants Issue will provide Shareholders with the opportunity to obtain further equity participation in the Company by subscribing for the New Shares through the exercise of the Warrants. In addition, as and when the Warrants are exercised, the proceeds arising therefrom will provide additional financial flexibility to the Group.

Based on the Minimum Subscription Scenario, the estimated net proceeds from the subscription of the Warrants Issue is approximately S$3.06 million after deducting professional fees as well as related expenses amounting to an aggregate estimated amount of S$0.20 million incurred in connection with the Warrants Issue. The estimated gross proceeds from the exercise of such Warrants will amount to approximately S$104.30 million.

Based on the Maximum Subscription Scenario, the estimated net proceeds from the subscription of the Warrants Issue is approximately S$3.08 million after deducting professional fees as well as related expenses amounting to an aggregate of S$0.20 million incurred in connection with the Warrants Issue. The estimated gross proceeds from the exercise of such Warrants will amount to approximately S$104.88 million.

The Company intends to utilise the net proceeds from the subscription of the Warrants Issue for its general working capital purposes.

As and when the Warrants are exercised, the proceeds arising therefrom may also be applied towards the general working capital of the Company and/or such other purposes as the Directors may deem fit. The Company will make the necessary announcements and subsequently provide a status report on the use of such proceeds and any material deviations therefrom in its annual report.

Pending the deployment of the net proceeds from the Warrants Issue, the net proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may, in their absolute discretion, deem fit.

6. APPROVALS

The Warrants Issue is subject to, *inter alia*, the following:

(a) approval in-principle being obtained from the SGX-ST for the listing of and quotation for the Warrants and the New Shares on the Main Board of the SGX-ST; and

(b) the lodgment of the Offer Information Statement in respect of the Warrants Issue with the Monetary Authority of Singapore.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Our Director, Mr. Wong Kwan Seng Robert, is also a Director of Messrs Straits Law Practice LLC ("**SLP**"), the solicitors to the Warrants Issue. SLP will be receiving legal fees in connection with the Warrants Issue.

Save as disclosed herein, none of the Directors or substantial Shareholders of the Company has any interest, direct or indirect, in the Warrants Issue (other than through their respective shareholdings in the Company).

8. DIRECTORS' OPINION

The Directors are of the opinion that, after taking into consideration the Group's present bank facilities, the working capital available to the Group is sufficient to meet its present funding requirements. Nevertheless, the Directors are of the view that, after taking into consideration the present economic situation, the proceeds from the Warrants Issue will provide additional financial flexibility to the Group.

9. RESPONSIBILITY STATEMENT

The Directors (including any Director who may have delegated detailed supervision of the preparation of this announcement) have taken all reasonable care to ensure that the facts stated in this announcement are fair and accurate and that no material facts have been omitted therefrom, and they jointly and severally accept responsibility accordingly.

By Order of the Board
BAKER TECHNOLOGY LIMITED

Aw Seok Chin
Company Secretary

20 August 2009