



BAKER TECHNOLOGY LIMITED
(Unique Entity Number 198100637D)
(Incorporated in the Republic of Singapore)

-
- (A) ACCEPTANCE BY BAKER TECHNOLOGY LIMITED (THE "COMPANY") OF THE OFFER FROM YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD. (THE "PURCHASER") TO PURCHASE THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF PPL HOLDINGS PTE LTD ("PPLH")
- (B) LETTER FROM SEMBCORP MARINE LTD ("SCM") IN RELATION TO THE OFFER (AS DEFINED HEREIN) BY THE PURCHASER
-

- (A) ACCEPTANCE BY THE COMPANY OF THE OFFER FROM THE PURCHASER TO PURCHASE THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF PPLH

1. Introduction

The Board of Directors of the Company (the "**Board**") had on 17 April 2010 made an announcement that it had on 16 April 2010, received, *inter alia*, a binding letter of offer (the "**Letter of Offer**") from the Purchaser dated 16 April 2010 pursuant to which the Purchaser has made an offer (the "**Offer**") to purchase from the Company an aggregate of 20,000,000 issued and paid-up ordinary shares in the capital of PPLH (the "**Sale Shares**"), representing the entire issued and paid-up share capital of PPLH.

The Board wishes to announce that the Company has today accepted the Offer by the Purchaser, for the Company to sell to the Purchaser the entire issued and paid-up share capital of PPLH held by the Company on the terms and conditions as set out in the Letter of Offer (the "**Proposed Disposal**").

2. Key Terms of the Proposed Disposal

2.1 Consideration

Pursuant to the Letter of Offer, the Company will sell the Sale Shares for a consideration of US\$155,000,000 (the "**Consideration**"). The consideration for the Proposed Disposal was arrived at by the Purchaser after taking into account, *inter alia*, the consolidated net book value amount of US\$343,553,000 of PPL Shipyard Pte Ltd ("**PPL Shipyard**") as at 31 December 2009.

The Consideration shall be payable to the Company in cash on completion of the sale and purchase of the Sale Shares (the "**Completion**").

2.2 Rights attached to the Sale Shares

The Purchaser shall purchase from the Company and the Company shall sell to the Purchaser all and not part only of the Sale Shares free from all claims, liens, restrictions, charges, pledges, mortgages, trusts, equities and other encumbrances, and with all rights as of 16 April 2010 or thereafter attaching thereto at the Consideration save and except for a dividend of S\$4,690,000 to be declared and paid by PPLH to the Company prior to Completion (the "**Proposed PPLH Dividend**"), of which S\$3,090,000 shall be paid in cash and the balance S\$1,600,000 to be mutually off-set against a sum of S\$1,600,000 owing by the Company to PPLH.

2.3 Condition Precedent

The obligations of the parties to complete the sale and purchase of the Sale Shares is subject to approval being obtained from the shareholders of the Company (the "**Shareholders**") to sell the Sale Shares, such approval to be obtained at an extraordinary general meeting of the Company (the "**EGM**") to be convened.

If the above condition precedent is not fulfilled by 27 October 2010 or such further date as the parties may agree in writing (the "**Long Stop Date**"), the agreement shall, *ipso facto*, cease and determine and neither party shall have any claim against the other party for costs, damages, compensation or anything whatsoever, save as provided under Section 2.4(a) of this announcement.

2.4 Other Salient Terms of the Letter of Offer

(a) Key terms of the escrow agreement dated 15 April 2010 (the "**Escrow Agreement**")

The Escrow Agreement has been duly signed by the Purchaser, Fortus Ltd, Mediterranean Success Group Inc. and Julius Baer Family Office & Trust Ltd (the "**Escrow Agent**") and the Company, as a party to the Escrow Agreement, has today signed the Escrow Agreement as one of the conditions of acceptance of the Offer.

Pursuant to the Escrow Agreement, the Purchaser has deposited the sum of US\$155,000,000 (being 100% of the Consideration) with the Escrow Agent.

If the condition precedent is not fulfilled by the Long Stop Date, all monies held by the Escrow Agent shall be returned by the Escrow Agent to the Purchaser or otherwise dealt with in accordance with the Escrow Agreement.

(b) Undertaking provided by Saberón Investments Pte Ltd

Saberón Investments Pte Ltd, the controlling shareholder of the Company holding approximately 69.63% of the issued share capital of the Company, has provided to the Purchaser a letter dated 23 April 2010 undertaking to the Purchaser that it will vote its shares in the Company in favour of the ordinary

resolution at the EGM of the Company to be convened to approve the sale by the Company of the Sale Shares to the Purchaser.

(c) Undertakings provided by Messrs Benety Chang and Anthony Sabastian AuroI

Messrs Benety Chang and Anthony Sabastian AuroI, each a director of the Company and an executive director of PPL Shipyard, have respectively provided to the Purchaser a letter dated 23 April 2010 undertaking to the Purchaser that he will not voluntarily tender his resignation as executive director of PPL Shipyard during the period of two (2) years commencing from 1 January 2011, unless instructed in writing to do so by the Purchaser.

3. Information on PPLH and PPL Shipyard

PPLH, a wholly-owned subsidiary of the Company, is a private limited company incorporated in the Republic of Singapore. It is an investment holding company and it holds an aggregate direct and indirect 15% shareholding stake in PPL Shipyard. PPL Shipyard is principally engaged in the business of design and construction of offshore drilling rigs from shallow water to deep water.

For the financial year ended 31 December 2009 (“**FY2009**”), the consolidated net tangible assets value (“**NTA**”) and net profit of PPLH was approximately S\$8.00 million¹ and S\$5.09 million respectively.

The consolidated NTA and net profit of PPL Shipyard for FY2009 was approximately US\$343.55 million and US\$254.76 million respectively.

4. Rationale

The Proposed Disposal will enable the Company to unlock the value of its investment in PPLH having regard to the significant gain on disposal of approximately S\$205.28 million.

The Directors are of the view that the Proposed Disposal is in the best interests of the Company.

5. Financial Effects

The net sale proceeds from the Proposed Disposal after deducting all expenses is estimated to be approximately S\$208.59 million. The carrying net book value of the Sale Shares in the accounts of the Company and its subsidiaries (the “**Group**”) is approximately S\$8.00 million as at 31 December 2009 (or S\$3.31 million taking into account the Proposed PPLH Dividend). Accordingly, the excess of the proceeds over the adjusted book value is approximately S\$205.28 million.

For illustration purposes only, the proforma financial effects of the Proposed Disposal on the NTA and earnings per share (“**EPS**”) of the Company based on the audited consolidated financial statements of the Company for FY2009 are as follows:

¹ The consolidated NTA of PPLH as at 31 December 2009 adjusted for the effects of the Proposed PPLH Dividend would have been approximately S\$3.31 million.

(a) NTA per share

Assuming the Proposed Disposal had been completed on 31 December 2009, the Proposed Disposal would have the following impact on the NTA of the Group:

	NTA of the Group (S\$ million)	NTA per share (cents)
Before the Proposed Disposal	91.92	14.04
After the Proposed Disposal	297.20	45.39

(b) EPS

Assuming the Proposed Disposal had been completed on 1 January 2009, the Proposed Disposal would have the following impact on the earnings of the Group:

	Net profit attributable to Shareholders (S\$ million)	EPS (cents)
Before the Proposed Disposal	38.57	6.03
After the Proposed Disposal	238.76	37.35

6. Use of Proceeds

The net sale proceeds from the Proposed Disposal will be used for general working capital of the Group, future investments and/or such other purposes as the Directors may deem fit. Pending the deployment of the net proceeds for such purposes, 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.

7. Relative Figures under Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual")

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006	Bases	Proposed Disposal (S\$ million)	Group (S\$ million)	Relative figure (%)
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value.	3.31 ⁽¹⁾	99.47 ⁽¹⁾	3.32 ⁽¹⁾
(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.	5.08 ⁽²⁾	46.12 ⁽²⁾	11.01 ⁽²⁾

(c)	The aggregate value of the consideration given or received, compared with the group's market capitalisation ⁽³⁾ based on the total number of issued shares excluding treasury shares.	213.23 ⁽³⁾	269.17 ⁽⁴⁾	79.22 ⁽³⁾
(d)	The number of equity securities issued by the group as consideration for the acquisition, compared with the number of equity securities previously in issue.	Not applicable	Not applicable	Not applicable

Notes:

- (1) The consolidated net asset value of PPLH as at 31 December 2009 was S\$8.00 million (or S\$3.31 million taking into account the Proposed PPLH Dividend), whilst the Group's net asset value was S\$99.47 million as at 31 December 2009. PPLH is an investment company and its sole equity investment comprises an aggregate direct and indirect shareholding interest of 15% in PPL Shipyard. For illustration purposes only, given that PPLH is an investment company and its 15% equity interest in PPL Shipyard is its sole equity investment, 15% of the consolidated net asset value of PPL Shipyard as at 31 December 2009 would amount to US\$51.53 million (or S\$70.89 million based on an exchange rate of US\$1.00:S\$1.3757²), which if used in the comparison with the Group's net asset value as at 31 December 2009, would result in the relative figure being 71.27%.
- (2) The consolidated profit before tax of PPLH for FY2009 was S\$5.08 million, whilst the Group's net profit for FY2009 was S\$46.12 million. For illustration purposes only, 15% of the consolidated profit before tax of PPL Shipyard for FY2009 was US\$45.88 million (or S\$63.11 million), which if used in the comparison with the Group's net profits for FY2009, would result in the relative figure being 136.84%.
- (3) The consideration for the Proposed Disposal is US\$155.00 million (or S\$213.23 million). For illustration purposes only, given that the Company would be entitled to the Proposed PPLH Dividend of S\$4.69 million prior to the completion of the Proposed Disposal, the effective consideration to be received by the Company for the Proposed Disposal is S\$217.92 million, which if used in the comparison with the Company's market capitalisation, would result in the relative figure being 80.96%.
- (4) The market capitalisation of the Company of S\$269.17 million, is determined by multiplying the number of shares in issue by the weighted average price of such shares transacted on 15 April 2010 and 16 April 2010, being the last full and half market day respectively on which shares of the Company were traded before the receipt of the Letter of Offer by the Company, of S\$0.411 per Share and the issued share capital of the Company of 654,911,266 Shares. The market capitalisation of the Company based on the weighted average price of the shares transacted on 15 April 2010, being the last full market day on which shares of the Company were traded before the receipt of the Letter of Offer by the Company, of S\$0.386 per share is S\$252.80 million.

As the relative figure computed on the bases set out in Rule 1006(c) of the Listing Manual exceeds 20%, the Proposed Disposal is a "major transaction" which requires the approval of Shareholders in general meeting under Rule 1014 of the Listing Manual.

8. Interests of Directors and Controlling Shareholders

Our Director, Mr. Tan Yang Guan holds 50,000 shares in the capital of the Purchaser as at the date hereof.

² Unless otherwise stated, an exchange rate of US\$1.00:S\$1.3757 has been used throughout this announcement. This exchange rate as at 16 April 2010, being the date of the Letter of Offer, has been extracted from Bloomberg.

Save as disclosed in this announcement, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal (other than through their shareholding interests in the Company).

9. Circular

A circular will be despatched by the Company to Shareholders in due course. In the meantime, Shareholders who are in any doubt as to the action that they should take should consult their stockbroker, bank manager, accountant, solicitor or other professional advisers immediately.

10. Documents for inspection

Copies of the Letter of Offer, the Escrow Agreement and the undertakings mentioned under Sections 2.4(b) and (c) above may be inspected at 36 Robinson Road, 18th Floor, City House, Singapore 068877 during normal business hours for a period of three months from the date of this announcement.

(B) LETTER FROM SCM IN RELATION TO THE OFFER BY THE PURCHASER

The Company received a letter on 22 April 2010 from SCM through its lawyers demanding that the Company not accept the Offer. SCM is the owner of 85% interest in the capital of PPL Shipyard. SCM has alleged that any sale to the Purchaser of the shares of PPLH by the Company would be made in circumvention of the pre-emptive rights of SCM in PPL Shipyard's Articles of Association by not giving SCM a first right of refusal over the sale of PPLH's shareholdings in PPL Shipyard.

The Board has sought and received legal advice that SCM has no basis for its claims.

By Order of the Board
Baker Technology Limited

Aw Seok Chin
Company Secretary

23 April 2010