



## BAKER TECHNOLOGY LIMITED

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

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### AMENDMENT AND NOVATION AGREEMENT BETWEEN YANGZIJANG SHIPBUILDING (HOLDINGS) LTD. (THE “PURCHASER”), BAKER TECHNOLOGY LIMITED (THE “COMPANY”) AND QD ASIA PACIFIC LTD. (THE “NEW BUYER”) IN RELATION TO THE SALE BY THE COMPANY OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF PPL HOLDINGS PTE LTD (THE “PROPOSED DISPOSAL”)

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#### 1. Introduction

The Board of Directors of the Company had on 26 June 2010 held an extraordinary general meeting to seek the approval of the shareholders of the Company (the “**Shareholders**”) for the Proposed Disposal and the Shareholders had duly approved the resolution for the Proposed Disposal with modifications at that extraordinary general meeting.

Capitalised terms used in this announcement shall have the same meanings as defined in the circular dated 11 June 2010 issued by the Company to Shareholders in relation to the Proposed Disposal (the “**Circular**”), unless the context requires otherwise.

The Board wishes to announce that the Company, the Purchaser and the New Buyer have on 1 September 2010 entered into an agreement (the “**Amendment and Novation Agreement**”) to vary the terms of the Agreement and for the New Buyer to be substituted in place of the Purchaser as the purchaser of the Sale Shares upon the terms of the Agreement and as so varied. The New Buyer shall, *inter alia*, have all of the Purchaser’s rights and be subject to all of the Purchaser’s obligations under the Agreement as varied and amended by the Amendment and Novation Agreement (the “**Amended Agreement**”) (whether accruing before or after the Amendment and Novation Agreement).

#### 2. Key variations of the terms of the Agreement

##### 2.1 Completion and no Long Stop Date

Completion of the Proposed Disposal is subject to the Company receiving approval from Shareholders for the Proposed Disposal based on the terms of the Amended Agreement at a further extraordinary general meeting.

Completion is to take place within seven (7) business days of Shareholders' approval being obtained at the extraordinary general meeting to be convened or such other date as may be mutually agreed in writing by the Company and the New Buyer.

The Long Stop Date of 27 April 2011 shall cease to apply and there shall not be any Long Stop Date.

## **2.2 Revised Consideration**

The consideration for the Sale Shares shall be US\$116,250,000 (the "**Revised Consideration**") instead of US\$155,000,000.

## **2.3 Conduct and management of the Legal Suit**

Following Completion and unless and to the extent that the Company agrees otherwise in writing, the Company shall, acting on behalf of but in the name of PPLH and E-Interface, have the sole conduct and management of the SCM Litigation, namely Suit No. S351/2010/H (the "**Legal Suit**"). Any settlement of proceedings shall be subject to the prior approval of the New Buyer, not to be unreasonably withheld. The Company may conduct and manage the Legal Suit as it thinks fit in its absolute discretion and without any responsibility whatsoever towards the New Buyer, PPLH or E-Interface.

The Company shall reimburse PPLH and E-Interface for all legal costs paid by either of them in connection with the Legal Suit, including any legal costs of any of the other parties to the Legal Suit which PPLH or E-Interface becomes liable to pay. The New Buyer shall pay to the Company a sum equivalent to the amount of any legal costs which PPLH or E-Interface may recover from any other party to the Legal Suit within seven (7) business days of receipt by PPLH or E-Interface of the amount of such recovered legal costs.

In the event of the New Buyer being joined as a party to the Legal Suit, the Company shall indemnify the New Buyer in respect of any of its own legal costs incurred as a party in that litigation if and to the extent that it fails to recover such costs from the other parties therein and in respect of any legal costs which it becomes liable as a party to pay SCM in that litigation.

## **2.4 Repayment of the Revised Consideration**

In the event a final judgment or order of the Supreme Court of Singapore in the Legal Suit determines, or it is agreed by a settlement agreement between SCM, PPLH and E-Interface (the "**Final Judgment or Settlement**"), that, before Completion,

- (i) SCM had validly exercised a right of pre-emption over the 15% shareholding interest of PPLH and E-Interface in PPL Shipyard; or
- (ii) PPLH had validly exercised its put option under clause 2 of the supplemental agreement dated 5 July 2003 entered into between PPLH and SCM (the "**Supplemental Joint Venture Agreement**") in respect of that 15% shareholding interest in PPL Shipyard,

then:

- (a) if the Final Judgment or Settlement is made before Completion, the Company and the New Buyer shall cease to be under any obligation to complete the sale and purchase of the Sale Shares; and
- (b) if the Final Judgment or Settlement is made after Completion, within fourteen (14) business days of the Final Judgment or Settlement and provided that the New Buyer shall have, *inter alia*,:
  - (i) effected the transfer of the Sale Shares back to the Company; and
  - (ii) paid to the Company (1) the amount of all dividends received after 16 April 2010 (being the date of the Letter of Offer) by PPLH or E-Interface from PPL Shipyard and (2) the amount of any sum received by PPLH from SCM for the 15% shareholding interest of PPLH and E-Interface in PPL Shipyard,

the Company shall then repay the Revised Consideration to the New Buyer.

## **2.5 Representations, warranties and undertakings**

Clauses 5.2, 5.2.1, 5.2.2 and 5.3 and Schedule 1 of the “Terms and Conditions of Offer” (provisions relating to representations and warranties under the “Terms and Conditions of Offer” which have been reproduced in the Circular) shall be deemed null and void as from 16 April 2010 (being the date of the Letter of Offer).

## **2.6 Indemnity**

Subject to the terms of the Amendment and Novation Agreement, the Company shall indemnify PPLH or the New Buyer against any damages which PPLH or the New Buyer may be held legally liable to pay to SCM for any loss and damage caused to SCM by the Legal Suit.

## **2.7 Amendment to the Escrow Agreement**

The Purchaser, the New Buyer and the Company (collectively, the “**Parties**”) shall procure the Escrow Agent to prepare an amended Escrow Agreement with all amendments reasonably required in order to carry into effect, or consequential upon, the further variation and the novation of the Agreement as provided for in the Amendment and Novation Agreement, and shall sign the same (and the Purchaser and the New Buyer shall procure that the same shall also be signed by the other parties to the Escrow Agreement) no later than 20 September 2010 (or such later date as may be agreed in writing by the Parties).

If no such amended Escrow Agreement has been signed on or before 20 September 2010 (or such later date as may be agreed in writing by the Parties) by the Parties and the other parties to the Escrow Agreement and also, if necessary the New Buyer, the Amendment and Novation Agreement shall become null and void.

### **3. Information on the New Buyer**

The New Buyer is a company incorporated in Labuan, Malaysia. It is a wholly-owned subsidiary of Qatari Diar Real Estate Investment Company, one of the sovereign wealth funds of the state of Qatar.

### **4. Rationale for the Company to enter into the Amendment and Novation Agreement**

In view of the Legal Suit, the Directors are of the view that the Proposed Disposal (based on the Amended Agreement) is in the best interests of the Company notwithstanding that the consideration for the Sale Shares shall be US\$116,250,000 instead of US\$155,000,000, based on the following considerations.

If the Legal Suit has been determined by a Final Judgment or Settlement such that it does not cause the provisions as set out in Section 2.4 above to operate, the Proposed Disposal based on the Revised Consideration amount of US\$116,250,000 will enable the Company to realise a significant gain of approximately S\$151.4 million.

Pursuant to the Amendment and Novation Agreement, there is now certainty that completion of the Proposed Disposal will take place after Shareholders' approval for the Proposed Disposal based on the Amended Agreement is obtained, notwithstanding the Legal Suit.

In addition, the Company will be selling the Sale Shares without giving any representations, warranties and undertakings to the purchaser of the Sale Shares under Clause 5.2, 5.2.1, 5.2.2 and 5.3 and Schedule 1 of the "Terms and Conditions of the Offer" under the Agreement (prior to the amendments effected by the Amendment and Novation Agreement). These representations, warranties and undertakings which were previously provided by the Company under the Agreement (prior to the amendments effected by the Amendment and Novation Agreement) include the representation that the Joint Venture Agreement and the Supplemental Joint Venture Agreement remain subsisting, which are matters of contention in the Legal Suit.

The Sale Shares will only be returned by the New Buyer to the Company if the Final Judgment and Settlement is adverse and made after Completion as elaborated in Section 2.4 above, and in such an event, the Company would not have suffered any losses, save for incidental costs and expenses incurred under the Amended Agreement, including but not limited to professional fees and legal costs of the New Buyer in the event the New Buyer is made a party to the Legal Suit and/or damages, if any, suffered or incurred by the New Buyer in the event that it is held liable under the Legal Suit.

### **5. Financial Effects of the Proposed Disposal based on the Revised Consideration**

For illustration purposes only, the proforma financial effects of the Proposed Disposal on the NTA and EPS of the Company based on, *inter alia*, (i) the Revised Consideration; (ii) the audited consolidated financial statements of the Company for FY2009; (iii) an exchange rate of US\$1.00:S\$1.3757 (being the exchange rate as at 16 April 2010, being

the date of the Letter of Offer, as extracted from Bloomberg); and (iv) without taking into account the legal costs in respect of the Legal Suit, are as follows:

(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:

	<b>NTA of the Group (S\$ million)</b>	<b>NTA per share (cents)</b>
Before the Proposed Disposal	91.92	14.04
After the Proposed Disposal	243.30	37.16

The net sale proceeds from the Proposed Disposal after deducting all expenses is estimated to be approximately S\$154.7 million. The carrying net book value of the Sale Shares in the accounts of the Group is approximately S\$8.0 million as at 31 December 2009 (or S\$3.3 million after taking into account the dividend of S\$4.69 million that was declared and paid by PPLH to the Company on 30 June 2010). Accordingly, the excess of the proceeds over the adjusted book value is S\$151.4 million.

(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:

	<b>Net profit attributable to Shareholders (S\$ million)</b>	<b>EPS (cents)</b>
Before the Proposed Disposal	38.57	6.03
After the Proposed Disposal	184.86	28.92

## 6. Circular

A circular will be despatched by the Company to the Shareholders in due course. In the meantime, any 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.

## 7. Documents for Inspection

Copies of the Agreement and the Amendment and Novation Agreement may be inspected at 36 Robinson Road, 18<sup>th</sup> Floor, City House, Singapore 068877 during normal business hours for a period of three (3) months from the date of this announcement.

The Company will keep shareholders apprised of any material developments, where appropriate.

By Order of the Board

Aw Seok Chin  
Company Secretary  
1 September 2010

*Note:*

*Trading Caution*

Shareholders, warrant holders and any other investors should exercise appropriate caution when dealing in the Company's shares and warrants. In the event of any doubt, shareholders, warrant holders and other investors should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.