



BAKER TECHNOLOGY LIMITED
(Unique Entity Number 198100637D)

**PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF WARRANTS
ON THE BASIS OF TWO (2) WARRANTS FOR EVERY FIVE (5) 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 393,132,704 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\$0.27 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 two (2) Warrants for every five (5) existing ordinary shares in the capital of the Company (the "**Shares**") held by Entitled Shareholders (as defined in paragraph 4 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 (the "**AGM**") held on 29 April 2011 (the "**Share Issue Mandate**"). The Share Issue Mandate authorises, *inter alia*, the Directors to allot and issue new Shares and/or instruments 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 as the basis of the Warrants Issue falls within the limit of the Share Issue Mandate.

An application will be made to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") 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 such conditions as may be imposed by the SGX-ST including but not limited 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.

2. **BACKGROUND INFORMATION AND PRINCIPAL TERMS OF THE WARRANTS ISSUE**

As at the date hereof, the existing issued share capital of the Company is 700,168,881 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 2009, the Company had in connection therewith, issued 327,384,008 warrants as constituted under a deed poll dated 19 October 2009. As at the date of this announcement, an aggregate of 282,662,881 warrants remain outstanding (the “**Outstanding 2009 Warrants**”).

Based on the Existing Share Capital and taking into account the irrevocable undertakings provided by the Undertaking Shareholders (as detailed in paragraph 3 below) and assuming that none of the Shareholders (including the Undertaking Shareholders) exercise their Outstanding 2009 Warrants, up to 182,823,819 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 2009 Warrants are exercised prior to the Books Closure Date, up to 393,132,704 Warrants will be issued by the Company pursuant to the Warrants Issue (the “**Maximum Subscription Scenario**”).

Entitled Shareholders will be free to accept, decline or otherwise renounce or trade their provisional allotments of Warrants under the Warrants Issue in whole or in part, and will also be eligible to apply for additional Warrants in excess of their provisional allotments under the Warrants Issue. Fractional entitlements to the Warrants will be disregarded in arriving at the entitlements of the Entitled Shareholders and will, together with the provisional allotments which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion deem fit.

In the allotment of any excess Warrants, preference will be given to the rounding of odd lots, and the Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Warrants Issue, or have representation (direct or through a nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of excess Warrants.

The Warrants are payable in full upon acceptance and application, and will be issued in registered form and 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 at 5.00 p.m. (Singapore time) 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 purposes.

The aggregate of the Issue Price and the Exercise Price of S\$0.28 for each Warrant represents a discount of approximately 6.67% to the closing price of S\$0.30 per Share traded on the SGX-ST on 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 change(s) as the Directors, after consultation with NRA Capital Pte Ltd, the manager to the Warrants Issue and other professional advisers, may deem appropriate. 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**”) and despatched by the Company to the Shareholders in due course.

3. IRREVOCABLE UNDERTAKINGS BY SHAREHOLDERS

The Warrant Issue will be supported by certain Shareholders (the “**Undertaking Shareholders**”), the names and shareholding details of whom, as at the date hereof, are as follows:

Name of Undertaking Shareholder	No. of Shares	Percentage of Shares in issue (%) ¹
Dr Benety Chang	305,516,348	43.63
Dr Doris Heng Chin Ngor	68,399,183	9.77
Mr Anthony Sabastian Aurol	68,399,183	9.77
Mr Tan Yang Guan	14,744,836	2.11
Total	457,059,550	65.28

As of the date hereof, Dr Benety Chang holds 152,758,174 Outstanding 2009 Warrants, Dr Doris Heng Chin Ngor and Mr Anthony Sabastian Aurol each holds 34,199,591 Outstanding 2009 Warrants and Mr Tan Yang Guan holds 7,372,419 Outstanding 2009 Warrants.

The Undertaking Shareholders have each, unconditionally and irrevocably undertaken to the Company, *inter alia*,

- (a) not to transfer, dispose of or otherwise reduce any of his/her interests in the Shares which he/she legally and beneficially owns as of the date of the undertaking up till and including the Books Closure Date; and
- (b) to subscribe and pay and/or procure subscription and payment in full for all his/her Warrant entitlements under the Warrants Issue based on his/her

¹ Based on the issued share capital of the Company of 700,168,881 Shares as at the date of this announcement.

shareholdings as at the date hereof, which amounts to 122,206,539 Warrants for Dr Benety Chang, 27,359,673 Warrants for Dr Doris Heng Chin Ngor, 27,359,673 Warrants for Mr Anthony Sabastian Aurol and 5,897,934 Warrants for Mr Tan Yang Guan.

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

4. 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 (“**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 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 whose registered addresses are 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 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 and at the discretion of the Company, be sold “nil-paid” on the Main Board of the SGX-ST as soon as practicable after the commencement of trading of the nil-paid rights. Such sales will, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account the relevant expenses to be incurred in relation thereto. 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 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 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 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.

5. PURPOSE OF THE WARRANTS ISSUE AND USE OF PROCEEDS

The Company is proposing the Warrants Issue to generate further equity participation through the exercise of the Warrants into New Shares. In addition, as and when the Warrants are exercised, the proceeds arising therefrom will expand and strengthen the capital base of the Company and provide additional resources and working capital for the business activities and operations of the Company and its subsidiaries (the “Group”).

Based on the Minimum Subscription Scenario, the estimated net proceeds from the subscription of the Warrants Issue is approximately S\$1.55 million after deducting professional fees as well as related expenses amounting to an aggregate estimated amount of S\$0.28 million incurred in connection with the Warrants Issue. The estimated gross proceeds from the exercise of such Warrants will amount to approximately S\$49.36 million.

Based on the Maximum Subscription Scenario, the estimated net proceeds from the subscription of the Warrants Issue is approximately S\$3.65 million after deducting professional fees as well as related expenses amounting to an aggregate estimated amount of S\$0.28 million incurred in connection with the Warrants Issue. The estimated gross proceeds from the exercise of such Warrants will amount to approximately S\$106.15 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 appropriate, in the interests of the Company.

6. APPROVALS

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

- (a) approval in-principle being obtained from the SGX-ST for the dealing in, 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 and the New Shares pursuant to the Securities and Future Act (Cap. 289) of Singapore with the Monetary Authority of Singapore.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

One of the Directors of the Company, 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 and substantial Shareholders of the Company has any interest, direct or indirect, in the Warrants Issue (other than through their respective shareholdings and warrant holdings in the Company).

8. DIRECTORS’ OPINION

The Directors are of the opinion that, after taking into consideration the Group’s present banking 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 collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Warrants Issue and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement 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 this announcement in its proper form and context.

By Order of the Board
BAKER TECHNOLOGY LIMITED

Nga Ko Nie
Company Secretary

1 March 2012