



**BAKER TECHNOLOGY LIMITED**  
(Company Registration No. 198100637D)

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**PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF PPL HOLDINGS PTE LTD**

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**1. Introduction**

The Board of Directors of Baker Technology Limited (the "Company") wishes to announce that it had on 16 March 2007 entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with Dr Benety Chang, Dr Heng Chin Ngor Doris @ Heng Lee Fung Doris, Anthony Sabastian Auroil and Tan Yang Guan (collectively, the "Vendors") to acquire from the Vendors an aggregate of 20,000,000 issued ordinary shares (the "Sales Shares"), representing the entire issued and paid up share capital of PPL Holdings Pte Ltd ("PPLH") (the "Proposed Acquisition").

**2. Information on PPLH**

PPLH was incorporated in the Republic of Singapore on 4 February 1998. As at the date of the Sale and Purchase Agreement, PPLH has an issued and paid up share capital of S\$20,000,000 comprising of 20,000,000 ordinary shares.

PPLH is an investment holding company. On 8 February 2007, it passed a resolution of its shareholders to reduce its capital from S\$20,000,000 to S\$2,500,000 by returning to its existing shareholders capital in excess of its needs. Following completion of the said capital reduction ("Capital Reduction Exercise"), its assets will comprise, either directly or indirectly, 3,000,000 ordinary shares, representing a 15% shareholding stake, in PPL Shipyard Pte Ltd ("PPL Shipyard") and cash of approximately S\$797,000, and will have no liability whatsoever, save for approximately S\$229,000 income tax liability. Of the 15% shareholding stake in PPL Shipyard, 12% is held directly by PPLH while the remaining 3% is held through its wholly owned subsidiary, E-Interface Holdings Limited. The balance 85% shareholding is held by Sembcorp Marine Ltd ("Sembcorp Marine"), a company incorporated in the Republic of Singapore.

For the year ended 31 December 2006, PPLH's proforma net tangible asset value ("NTA") and net profits, after adjusting for the effects of the Capital Reduction Exercise, is approximately S\$3,630,000 and S\$1,746,000 respectively.

PPL Shipyard was incorporated in the Republic of Singapore on 24 November 1997 under the name of Sillwood Investments Pte Ltd. Its name was changed to PPL Shipyard on 14 January 1998. The current issued and paid-up share capital of PPL Shipyard is S\$20,000,000 comprising of 20,000,000 ordinary shares.

PPL Shipyard is in the business of design, construction, repair and improvement of oil-rigs, ships and other vessels.

**3. Purchase Consideration**

The purchase consideration for the Proposed Acquisition is S\$3,600,000 (the "Purchase Consideration") to be satisfied entirely by cash. The Consideration will be funded by internal resources and bank borrowings to be obtained by the Company.

The Purchase Consideration was arrived at after arm's length negotiations on a 'willing seller-willing buyer' basis, after taking into consideration the unaudited proforma NTA of PPLH (after adjustments for the effects of the Capital Reduction Exercise) as at 31 December 2006 of approximately S\$3,630,000.

The Company and the Vendors (the "Parties") have agreed that the Purchase Consideration of S\$3,600,000 is to be paid in the following manner:-

- (a) S\$600,000 shall be paid on the date of completion of the Proposed Acquisition;
- (b) S\$1,000,000 shall be paid within six (6) months from the date of Completion;
- (c) S\$1,000,000 shall be paid within twelve (12) months from the date of Completion;  
and
- (d) the balance S\$1,000,000 shall be paid within eighteen (18) months from the date of Completion.

#### **4. Conditions Precedent**

Pursuant to the Sale and Purchase Agreement, completion of the Proposed Acquisition is conditional upon, *inter alia*, the following:-

- (a) the Company being satisfied (within 2 months from the date of the Sale and Purchase Agreement) with the results of the due diligence (whether legal, financial, contractual, tax or otherwise) to be carried out by the Company and/or its advisers on PPLH, including without limitation the title to and the status and condition of the properties (whether movable or immovable), assets (whether tangible or intangible), liabilities, businesses, operations, records, financial position, accounts, results, legal and corporate structure of PPLH and any other information disclosed to the Company;
- (b) completion of the Capital Reduction Exercise; and
- (c) approval being obtained from the shareholders of the Company (other than the Vendors or Saberon Investments Pte Ltd or their respective associates who will abstain from voting at the extraordinary general meeting ("EGM") to be held) to purchase the Sale Shares, such approval to be obtained at an EGM of the Company to be convened.

If any of the conditions precedent is not fulfilled or is waived by mutual consent of the Parties by 31 December 2007, or such further date as the parties may agree in writing, the Sale and Purchase 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.

#### **5. Put Option**

Pursuant to the terms of the Sale and Purchase Agreement, the Vendors have jointly and severally granted to the Company during a period of 18 months commencing from the Completion Date (the "Put Option Period") a Put Option which when exercised will require the Vendors to repurchase the Sale Shares from the Company at a price equal to the sum of the Purchase Price and interest at the rate of 5% per annum.

## 6. Rationale

The Proposed Acquisition will allow the Company to:

- Reduce the reliance on the Group's truck and trailer axles business, which is expected to remain competitive going forward.
- Augment and improve its cash flows.
- Maximise shareholders' value through an investment with the potential for future capital gains and the benefit of gaining exposure to the buoyant marine offshore industry. The audited profit after tax of PPL Shipyard for the financial years ended 31 December 2004 and 31 December 2005 are US\$2.4 million and US\$21.7 million respectively.

## 7. Financial Effects

The proforma financial effects of the Proposed Acquisition on the earnings per share ("EPS"), the NTA per share of the Company and its subsidiaries (the "Group") are set out below and are prepared purely for illustration only and do not reflect the actual future financial situation of the Group after the completion of the Proposed Acquisition. The financial effects of the Proposed Acquisition are based on the financial statements of the Group for the financial year ended 31 December 2006, which was published by the Company on 27 February 2007 via the SGXNET.

### (a) EPS

Based on the foregoing, the effect on the EPS of the Group assuming that the Proposed Acquisition and the Capital Reduction Exercise had been completed on 1 January 2006 is as follows:

EPS before the Proposed Acquisition (cents)	0.26
EPS after the Proposed Acquisition (cents)	0.73

### (b) NTA per share

Based on the foregoing, the effect on the NTA per share of the Group assuming that the Proposed Acquisition and the Capital Reduction Exercise had been completed on 31 December 2006 is as follows:

NTA per share before the Proposed Acquisition (cents)	3.5
NTA per share after the Proposed Acquisition (cents)	3.5

## 8. Relative Figures under Chapter 10 of the Listing Manual

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

(a)	The net asset value of the assets to be disposed of compared with the Group's net asset value.	Not applicable
(b)	The net profits <sup>(1)</sup> attributable to the assets acquired or disposed of, compared with the Group's net profits <sup>(1)</sup> .	141.1% <sup>(2)</sup>
(c)	The aggregate value of the consideration given or received compared with the issuer's market capitalisation.	16.4% <sup>(3)</sup>
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable

Notes:

- (1) Under Rule 1002(3)(b), "net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (2) Determined by dividing the proforma consolidated net profit of PPLH (after adjusting for the effects of the Capital Reduction Exercise) for the calendar year ended 31 December 2006 of S\$2.14 million by the latest announced consolidated net profit of the Group for the financial year ended 31<sup>st</sup> December 2006 of S\$1.52 million.
- (3) Determined by dividing the Consideration of S\$3.6 million and the market capitalisation of the Company of S\$21.95 million as at 15 March 2007 (being the market day preceding the date of the Agreement).

The market capitalisation of the Company is determined by multiplying the number of Shares in issue by the weighted average price of such Shares transacted on 15 March 2007 of S\$0.035 per Share with the issued share capital of the Company of 627,001,000 Shares.

Rule 1014 provides that a major transaction within the meaning of Rule 1013 must be made conditional upon approval by Shareholders in general meeting. However, Rule 1014 does not apply in the case of an acquisition of profitable assets if the only rule breached is Rule 1006(b). Accordingly, no Shareholders' approval is required under Rule 1014 for the Proposed Acquisition itself.

## 9. Details of Interested Person

The Directors of the Company, Dr. Benety Chang, Messrs Anthony Sabastian Aurol and Tan Yang Guan, each holds direct interests of 67%, 15% and 3% respectively in the issued and paid up share capital of PPLH. Dr. Doris Heng Chin Ngor, who is the wife of Dr. Benety Chang, holds the remaining 15% shareholding. Dr. Benety Chang and Dr. Doris Heng Chin Ngor are deemed interested in each other's shares and have therefore deemed interests of 82% each.

In addition, Dr. Benety Chang and Dr. Doris Heng Chin Ngor hold direct interests of 67% and 15% respectively in Saberon Investments Pte Ltd, which in turn owns a 69.56% shareholding in the Company. They are thus each deemed interested in 82% of Saberon Investments Pte Ltd and consequently each a Controlling Shareholder of the Company.

Dr. Benety Chang, Dr. Doris Heng Chin Ngor, Messrs Anthony Sabastian Aurol and Tan Yang Guan are deemed interested persons with respect to the Proposed Acquisition and the

Proposed Acquisition is deemed an Interested Person Transaction within the meaning defined in Chapter 9 of the Listing Manual.

The aggregate value of the Proposed Acquisition represents approximately 49.4% of the latest audited consolidated NTA of approximately S\$7,283,000 for the Group as at the financial year ended 31 December 2005.

As the value of the Proposed Acquisition is more than 5% of the latest audited consolidated NTA of the Group, for the purposes of Chapter 9 of the Listing Manual, shareholders' approval is required for this transaction.

The Company shall, in due course, issue a circular to its shareholders explaining the rationale for the Proposed Acquisition and shall convene an EGM to seek the approval of its shareholders for the Proposed Acquisition. The Proposed Acquisition is conditional upon the Company obtaining the approval of the shareholders of the Company for this transaction at the EGM to be convened.

#### **10. Current Total Interested Person Transactions**

As mentioned above, the aggregate value of the Proposed Acquisition is S\$3,600,000, representing approximately 49.4% of the latest audited consolidated NTA of approximately S\$7,283,000 of the Group as at 31 December 2005.

No other interested person transactions were entered into with the Vendors for the current financial year up to the date of this announcement.

The aggregate value of all interested person transactions, including the Proposed Acquisition, for the current financial year up to the date of this announcement is S\$3,600,000, representing approximately 49.4% of the latest audited consolidated NTA of the Group as at 31 December 2005.

#### **11. Interests of Directors and Controlling Shareholders**

Save as disclosed above, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition.

#### **12. Audit Committee's Statement**

Pursuant to Rule 921(4) of the Listing Manual, the Company has appointed Kim Eng Capital Pte Ltd as the independent financial advisor ("IFA") to advise the Audit Committee on whether the financial terms of the Proposed Acquisition are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. The Audit Committee will form its views on the Proposed Acquisition after taking into account the opinion of the IFA.

Mr Tan Yang Guan, a member of the Audit Committee, will abstain from making any recommendations.

#### **13. Circular**

A circular containing further details of the Proposed Acquisition and enclosing the notice of EGM to be convened in connection therewith and the opinion of the IFA will be dispatched by the Company to shareholders in due course.

**14. Documents for Inspection**

A copy of the Sale and Purchase Agreement may be inspected during normal business hours at the registered office of the Company at 122 Pioneer Road, Singapore 639583 for a period of three months from the date of this announcement.

By Order of the Board  
Aw Seok Chin  
Company Secretary

16 March 2007