

CIRCULAR DATED 7 SEPTEMBER 2007

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold all your shares in the capital of Baker Technology Limited (“the Company”), you should immediately forward this Circular, the enclosed Notice of Extraordinary General Meeting and the Proxy Form to the purchaser or to the stockbroker or to the bank or to the agent through whom you effected the sale for onward transmission to the purchaser.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Circular.



BAKER TECHNOLOGY LIMITED

(Company Registration No. 198100637D)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to

**THE PROPOSED DISPOSAL OF THE COMPANY’S SHAREHOLDING
IN ITS WHOLLY-OWNED SUBSIDIARY, YORK TRANSPORT EQUIPMENT (ASIA) PTE LTD**

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	:	24 September 2007 at 10.30 a.m.
Date and time of Extraordinary General Meeting	:	26 September 2007 at 10.30 a.m.
Place of Extraordinary General Meeting	:	Nautica II, Level 2 Republic of Singapore Yacht Club 52 West Coast Ferry Road Singapore 126887

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires:

“Board”	:	The Board of Directors of the Company
“Call Option”	:	The call option granted by the Company to the Purchaser in respect of the Option Shares. Further details on the Call Option are set out in paragraph 3.4 of this Circular
“Call Option Exercise Price”	:	The call option exercise price to be paid by the Purchaser to the Company upon the exercise of the Call Option by the Purchaser, the computation of which is as set out in paragraph 3.4 of this Circular
“Call and Put Options Agreement”	:	The call and put options agreement to be entered into between the Company and the Purchaser on the Closing Date
“Circular”	:	This circular to Shareholders dated 7 September 2007
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time
“Company”	:	Baker Technology Limited
“Closing Date”	:	The date of completion of the sale and purchase of the Sale Shares being 30 September 2007 or such other date as agreed between the Company and the Purchaser
“Directors”	:	The directors of the Company as at the date of this Circular
“Disposal”	:	The proposed disposal by the Company of the Sale Shares and the Option Shares to the Purchaser on the terms and subject to the conditions set out in the Share Purchase Agreement and the Call and Put Options Agreement respectively
“Disposal Consideration”	:	The cash consideration of S\$16,575,000 to be paid by the Purchaser to the Company for the purchase of the Sale Shares on the terms and subject to the conditions of the Share Purchase Agreement
“EGM”	:	The extraordinary general meeting of the Company to be held on 26 September 2007 at 10.30 a.m., notice of which is set out on page 21 of this Circular
“EPS”	:	Earnings per Share
“Group”	:	The Company and its subsidiaries
“Latest Practicable Date”	:	The latest practicable date prior to the printing of this Circular, being 31 August 2007
“Listing Manual”	:	The listing manual of the SGX-ST, as amended or modified from time to time
“Market Day”	:	A day on which SGX-ST is open for trading in securities
“N.A.”	:	Not applicable

“NTA”	:	Net tangible asset
“Option Shares”	:	The balance 12,366,198 issued and fully paid up ordinary shares, representing approximately 49% of the issued share capital of York Transport as at the date of the Share Purchase Agreement
“Parties”	:	The Company and the Purchaser and each a Party
“Purchaser” or “TRF”	:	TRF Limited (Company Registration No. L74210JH1962PLC000700), a company incorporated in India and having its registered address at 11, Station Road, Burma Mines, Jamshedpur – 831007, India
“Put Option”	:	The put option granted by the Purchaser to the Company in respect of the Option Shares. Further details on the Put Option are set out in paragraph 3.4 of this Circular
“Put Option Exercise Price”	:	The put option exercise price to be paid by the Purchaser to the Company upon the exercise of the Put Option by the Company, the computation of which is as set out in paragraph 3.4 of this Circular
“Sale”	:	The proposed sale of the Sale Shares to the Purchaser on the terms and subject to the conditions set out in the Share Purchase Agreement
“Share Purchase Agreement”	:	The conditional Share Purchase Agreement dated 23 July 2007 entered into between the Company and the Purchaser for the sale of the Sale Shares by the Company to the Purchaser (as amended, varied or supplemented from time to time)
“Sale Shares”	:	12,870,941 issued and fully paid up ordinary shares, representing approximately 51% of the issued share capital of York Transport as at the date of the Share Purchase Agreement
“SGX-Sesdaq”	:	SGX-ST Dealing and Automated Quotation System
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shares”	:	The ordinary shares of the Company
“Shareholders”	:	The registered holders of Shares, except where the registered holder is CDP, in which case the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose securities accounts with CDP are credited with the Shares
“subsidiaries”	:	Shall have the meaning ascribed to it by the Companies Act
“Warrants”	:	Warrants issued by the Company in June 2006 in connection with the Company’s rights issue of 570,000,000 Shares in June 2006, each Warrant entitling the holder thereof to subscribe for one new Share in the capital of the Company
“York Transport”	:	York Transport Equipment (Asia) Pte Ltd (Company Registration No. 198900157E)
“S\$” and “cents”	:	Singapore dollars and cents, respectively
“%” or “per cent.”	:	Per centum or percentage

The words “Depositor” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*.

Words importing persons include corporations.

Any reference to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any word defined under the Companies Act or the Listing Manual or any modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act or the Listing Manual or any modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day and date in this Circular shall be a reference to Singapore time.

Any discrepancies in the figures included in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures which precede them.

BAKER TECHNOLOGY LIMITED

(Company Registration No. 198100637D)
(Incorporated in the Republic of Singapore)

Directors:

Lim Ho Seng (*Chairman and Independent Director*)
Dr Benety Chang (*Executive Director*)
Anthony Sabastian Aurol (*Executive Director*)
Tan Yang Guan (*Non-Executive Director*)
Robert Wong Kwan Seng (*Independent Director*)

Registered Office:

No. 122 Pioneer Road
Singapore 639583

Date : 7 September 2007

To: The Shareholders of Baker Technology Limited

Dear Sir/Madam

THE PROPOSED DISPOSAL OF THE COMPANY'S SHAREHOLDING IN ITS WHOLLY-OWNED SUBSIDIARY, YORK TRANSPORT EQUIPMENT (ASIA) PTE LTD

1. INTRODUCTION

On 23 July 2007, the Directors announced that the Company had on the same day entered into a Share Purchase Agreement with the Purchaser, pursuant to which the Purchaser agreed to purchase from the Company the Sale Shares at the Disposal Consideration.

The Directors are convening an EGM to seek the approval of Shareholders in relation to the proposed Disposal.

The purpose of this Circular is to provide Shareholders with information in relation to the proposed Disposal.

2. INFORMATION ON YORK TRANSPORT

York Transport, a wholly owned subsidiary of the Company, is a private limited company incorporated in Singapore and having its registered address at No. 5 Tuas Avenue 6, Singapore 639295. As at the date of the Share Purchase Agreement, York Transport has a paid up and issued share capital of S\$17,675,282 comprising of 25,237,139 ordinary shares.

As at the date of the Share Purchase Agreement, York Transport is the beneficial and registered owner of the following subsidiaries:-

<u>Name of subsidiary</u>	<u>Country of Incorporation</u>	<u>Percentage of equity held by York Transport</u>
York Transport Equipment Pty Limited	Australia	100%
York Sales (Thailand) Co., Ltd.	Thailand	100%
YTE Transport Equipment (S.A.) (Proprietary) Limited	South Africa	100%
York Transport Equipment (Malaysia) Sdn Bhd	Malaysia	100%
Rednet Pte. Ltd.	Singapore	100%
PT York Engineering	Indonesia	100%

<u>Name of subsidiary</u>	<u>Country of Incorporation</u>	<u>Percentage of equity held by York Transport</u>
Eadda Pte. Ltd.	Singapore	100%
YTE Special Products Pte Ltd	Singapore	100%
<u>Held by YTE Special Products Pte Ltd</u>		
Qingdao YTE Special Products Co. Ltd.	People's Republic of China	100%

York Transport and its subsidiaries are principally engaged in the business of production, manufacturing and distribution of truck and trailer axles and related components.

For the financial year ended 31 December 2006, York Transport's proforma group net tangible asset value is approximately S\$22.1 million.

The proforma group of York Transport includes York Transport Equipment Pty Limited ("YTEM") and Rednet Pte. Ltd. ("RN"), which were previously held directly by the Company prior to 31 December 2006. The Company disposed off YTEM and RN to York Transport on 17 and 18 July 2007 respectively.

3. THE DISPOSAL

3.1 Share Purchase Agreement

Subject to the terms and conditions of the Share Purchase Agreement, the Company agreed to sell to the Purchaser the Sale Shares free from any and all encumbrances and together with all rights and advantages attaching to them as at the Closing Date.

3.2 Disposal Consideration

The Disposal Consideration was arrived at after arm's length negotiations on a willing buyer willing seller basis. The Disposal Consideration was determined after taking into account the current profits and the potential future profits of York Transport through the participation of TRF in the equity of York Transport.

The Disposal Consideration will be paid by the Purchaser in cash on the Closing Date.

3.3 Conditions Precedent

Under the Share Purchase Agreement, the proposed Sale is conditional upon, *inter alia*, the following:-

- (a) a due diligence exercise being carried out by the Purchaser on York Transport and its subsidiaries, and findings, if any, arising out of such due diligence are addressed to the Purchaser's satisfaction in accordance to the terms of clause 6 of the Share Purchase Agreement; and
- (b) the Company having obtained the approval of its Shareholders for the sale of the Sale Shares on or before 30 September 2007.

If any of the conditions above are not satisfied on or before the Closing Date (or such other date as the Parties may agree), the Company and the Purchaser may, in their sole discretion, terminate the Share Purchase Agreement and neither the Company nor the Purchaser shall have any claim against the other under the Share Purchase Agreement, save as provided therein.

3.4 Call and Put Options

Call Option

Pursuant to the terms of the Share Purchase Agreement, the Company granted to the Purchaser a Call Option which when exercised will allow the Purchaser to purchase from the Company the Option Shares at the Call Option Exercise Price.

The Call Option may be exercised by the Purchaser in respect of all (and not part only) of the Options Shares by serving notice in writing to the Company of such exercise at any time on or after 1 April 2010. There is no expiry date for the exercise of the Call Option.

The Call Option Exercise Price shall be an amount equal to the sum of:-

- (a) S\$18,425,000;
- (b) an amount equal to 15% of S\$18,425,000;
- (c) 49% of the consolidated undistributed net profit after tax of York Transport in each of the completed financial years preceding the financial year in which the Call Option is exercised commencing from 1 January 2008. For the avoidance of doubt, in the event that York Transport shall incur a loss in any financial year, no payment shall be made pursuant to this clause (c) in respect of that financial year and the amount of the loss shall not be brought forward to the next immediate financial year, it being the intention of the Parties that for the purpose of computing the Call Option Exercise Price upon the exercise of the Call Option, the profit of each financial year shall not be reduced or diluted by the losses of the preceding financial years; and
- (d) 49% of the consolidated undistributed net profit after tax of York Transport of the financial year in which the Call Option is exercised pro-rated by dividing the number of days elapsed from the beginning of that financial year up to the actual date of payment of the Call Option Exercise Price by 365 days.

Put Option

Pursuant to the terms of the Share Purchase Agreement, the Purchaser granted to the Company a Put Option which when exercised will require the Purchaser to purchase from the Company the Option Shares at the Put Option Exercise Price.

The Put Option may be exercised by the Company in respect of all (and not part only) of the Options Shares by serving notice in writing to the Purchaser of such exercise at any time on or after 1 April 2010. There is no expiry date for the exercise of the Put Option.

The Put Option Exercise Price shall be an amount equal to the sum of:-

- (a) S\$18,425,000; and
- (b) an amount equal to the sum of 49% of the consolidated undistributed net profit after tax of York Transport in each of the completed financial years preceding the financial year in which the Put Option is exercised commencing from 1 January 2008. For the avoidance of doubt, in the event that York Transport shall incur a loss in any financial year, no payment shall be made pursuant to this clause (b) in respect of that financial year and the amount of the loss shall not be brought forward to the next immediate financial year, it being the intention of the Parties that for the purpose of computing the Put Option Exercise Price upon the exercise of the Put Option, the profit of each financial year shall not be reduced or diluted by the losses of the preceding financial years.

3.5 Shareholders' Agreement

On 9 August 2007, the Company and the Purchaser entered into a shareholders' agreement to record the financial, managerial, administrative and other arrangements agreed between them in relation to their shareholdings in York Transport and the manner in which the affairs of York Transport will be regulated. The shareholders' agreement will only take effect from the Closing Date until the completion of the sale and purchase of the Option Shares pursuant to the exercise of the Call and Put Options referred to in paragraph 3.4 above.

The salient terms of the shareholders' agreement are as follows:-

- York Transport cannot allot and issue any new shares without first offering such new shares to the Company and TRF;
- TRF will not cause York Transport to issue further shares by way of a public offer for a period of 12 months from the date of exercise of the Call Option by TRF;
- the board of York Transport shall consists of:-
 - (i) four directors (inclusive of the chairman) appointed by TRF; and
 - (ii) three directors appointed by the Company;
- all resolutions of the board or shareholders of York Transport shall be decided on a simple majority except in respect of the following matters which require the unanimous consent of the Company and TRF:-
 - (i) a proposal to (a) create assume or incur, or become liable in respect of any indebtedness other than indebtedness in the course of business or (b) make loans or provide guarantees, or otherwise extend or pledge credit to others, except in the course of business of York Transport;
 - (ii) increase in the issued and paid up share capital of York Transport;
 - (iii) proposal to change the business of York Transport;
 - (iv) the merger sale lease transfer or disposition of any of the undertaking or fixed assets of York Transport with a value in excess of 25% of York Transport's shareholders' funds;
 - (v) the creation or issue of any new shares or equity convertible loan or any option in respect of such shares or equity convertible loan;
 - (vi) the amalgamation or merger of York Transport with any other company or companies except in respect of internal restructuring; and
 - (vii) listing and quotation of York Transport's shares in any stock exchange;
- until the Call Option or the Put Option has been exercised, neither the Company or TRF shall sell any of the shares held by them in York Transport unless mutually agreed; and
- unless otherwise agreed, the Company and TRF shall exercise their powers for the time being as shareholders of York Transport to procure York Transport to declare and pay as dividends to the shareholders of York Transport an amount of not less than 35% of the profits earned by York Transport and permitted to be distributed by law in each financial year.

3.6 Rationale for the Disposal

The Company has been looking for a strategic partner with whom to enter into a partnership to enhance the growth of the Company.

The Purchaser is a member of the influential TATA Group of Companies of India. With the Purchaser as York Transport's majority shareholder, York Transport is well positioned to penetrate the lucrative Indian market where the TATA Group has significant presence and influence.

York Transport will also be able to ride on the TATA Group's international network of distributorship to expand its market for its existing products and also to introduce new products to the market.

For the reasons stated above, the Directors are of the view that it would be in the best interests of the Company to make the proposed Disposal.

3.7 Information on the Purchaser

The information set out in this paragraph 3.7 has been provided by TRF and has not been independently verified by the Directors.

TRF, a TATA Enterprise, with its registered office in Jamshedpur, is part of the renowned TATA Group of Companies.

TATA Group

The TATA Group comprises 96 operating companies in seven business sectors: information systems and communications, engineering, materials, services, energy, consumer products and chemicals.

The TATA Group is one of India's largest and most respected business conglomerate, with revenues in 2005-06 of S\$21.9 billion (Indian Rupees 967,229 million) and a market capitalisation of S\$63.0 billion as at 19 July 2007. It has a shareholder base of over 2 million. TATA Group of Companies together employ some 2,460,000 people and operates in more than 85 countries across six continents, and its companies export products and services to 80 countries.

The TATA Group of Companies share a set of five core values: integrity, understanding, excellence, unity and responsibility. These values, which have been part of the TATA Group's beliefs and convictions from its earliest days, continue to guide and drive the business decisions of TATA Group of Companies. The TATA Group and its enterprises have been steadfast and distinctive in their adherence to business ethics and their commitment to corporate social responsibility. This is a legacy that has earned the TATA Group the trust of many millions of stakeholders in a measure few business houses anywhere in the world can match.

The Purchaser

TRF is listed in Mumbai, Kolkata and Patna Stock Exchanges. TATA Steel, one of the most important TATA Group of Companies holds approximately 36% of the issued and subscribed equity of TRF. TRF is a comprehensive and reputed source of bulk material handling systems and equipments in India. It is an ISO 9000 accredited company with a turnover of S\$129 million. The TRF customer base mainly consists of the following major sectors:

- (a) Power,
- (b) Steel,
- (c) Ports,
- (d) Mining, etc.

In addition TRF has an EPC/ EPCM division which provides consultancy services in the field of mini-blast furnaces. Technology supplied to 80% of the mini-blast furnaces in India have been provided by TRF.

TRF has many on-going associations to provide state-of-the-art equipments to the end users, some of which are listed below:

<u>Associates</u>	<u>Technology</u>
Binder, Austria	Flip-Flop Screens
Bateman, South Africa	High capacity high speed conveying systems
Schalke, Germany	Coke side equipment
Techint Technologies, Italy	Container cranes, Yard machines
SMS Demag LTDA, Brazil	Mini blast furnaces
Claudius Peters, Germany	Coal Injection Systems
Kocks Cranes, Germany	Large capacity Port Cranes & Container Cranes
Parker, UK	Mobile Crushers

Core competence of TRF:

- Design & Engineering
- Design & Development of equipment / systems to Customer Specification and Manufacture & Commissioning at Site
- Fabrication and Machining of large precision components
- Site Fabrication, Erection and Commissioning
- Project management

3.8 Use of Net Proceeds from the Sale

The net sales proceeds of approximately S\$16.4 million from the proposed Sale will be used for future investments and routine operating expenses.

Pending deployment of the net proceeds for such purposes, the net proceeds may be placed in deposits with financial institutions or invested in short-term money market instruments as the Directors may, in their absolute discretion, deem fit.

3.9 No Profit Warranty

No profit warranty is given by the Company to TRF in respect of York Transport's operations under the Share Purchase Agreement.

4. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

4.1 Relative figures based on the proposed Sale

The following relative figures, in relation to the proposed sale and purchase of the Sale Shares, are based on the following assumptions:-

- (a) the unaudited consolidated financial statements of the Company for the six month period ended 30 June 2007; and
- (b) the market capitalisation of the Company is based on 628,517,250 Shares in issue as at 20 July 2007 (being the Market Day immediately preceding the date of the Share Purchase Agreement) and the weighted average price of such Shares transacted on the SGX-Sesdaq on 20 July 2007 is S\$0.43.

Rule 1006	Bases	Sale and Purchase of the Sale Shares (S\$)	Group (S\$)	Relative figures (%)
(a)	Net asset value ⁽¹⁾ of the assets to be disposed of, compared with the Group's net asset value as at 30 June 2007	11.6 million	23.3 million	50
(b)	Net profits ⁽²⁾ attributable to the assets to be disposed of, compared with the Group's net profits for the six month period ended 30 June 2007	0.8 million	1.6 million	51
(c)	Aggregate value of the Disposal Consideration, compared with the Company's market capitalisation as at 20 July 2007 (being the Market Day immediately preceding the date of the Share Purchase Agreement)	16.6 million	270.2 million	6
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	N.A.	N.A.	N.A.

Notes:

(1) Net asset value is defined as total assets minus total liabilities.

(2) Net profits is defined as profit before income tax, minority interests and extraordinary items.

4.2 Relative figures based on the Call and Put Options

4.2.1 The following relative figures, in relation to the exercise of the Call Option by the Purchaser, are based on the following assumptions:-

- (a) the unaudited consolidated financial statements of the Company for the six month period ended 30 June 2007;
- (b) the Call Option Exercise Price is computed based on the minimal amount of S\$21,188,750 as the Company is unable to pre-determine the future consolidated undistributed net profit after tax of York Transport prior to the exercise of the Call Option by the Purchaser;

- (c) the market capitalisation of the Company is based on 628,517,250 Shares in issue as at 20 July 2007 (being the Market Day immediately preceding the date of the Share Purchase Agreement) and the weighted average price of such Shares transacted on the SGX-Sesdaq on 20 July 2007 is S\$0.43; and
- (d) under the terms of the Call and Put Options Agreement, stamp duty payable on the transfer of the Option Shares is shared equally between the Company and the Purchaser.

Rule 1006	Bases	Sale and Purchase of the Option Shares (S\$)	Group (S\$)	Relative figures (%)
(a)	Net asset value ⁽¹⁾ of the assets to be disposed of, compared with the Group's net asset value as at 30 June 2007	11.1 million	23.3 million	48
(b)	Net profits ⁽²⁾ attributable to the assets to be disposed of, compared with the Group's net profits for the six month period ended 30 June 2007	0.8 million	1.6 million	49
(c)	Aggregate value of the Call Option Exercise Price, compared with the Company's market capitalisation as at 20 July 2007 (being the Market Day immediately preceding the date of the Share Purchase Agreement)	21.2 million	270.2 million	8
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	N.A.	N.A.	N.A.

Notes:

(1) Net asset value is defined as total assets minus total liabilities.

(2) Net profits is defined as profit before income tax, minority interests and extraordinary items.

4.2.2 The following relative figures, in relation to the exercise of the Put Option by the Company, are based on the following assumptions:-

- (a) the unaudited consolidated financial statements of the Company for the six month period ended 30 June 2007;
- (b) the Put Option Exercise Price is computed based on the minimal amount of S\$18,425,000 as the Company is unable to pre-determine the future consolidated undistributed net profit after tax of York Transport prior to the exercise of the Put Option by the Company;
- (c) the market capitalisation of the Company is based on 628,517,250 Shares in issue as at 20 July 2007 (being the Market Day immediately preceding the date of the Share Purchase Agreement) and the weighted average price of such Shares transacted on the SGX-Sesdaq on 20 July 2007 is S\$0.43; and

- (d) under the terms of the Call and Put Options Agreement, stamp duty payable on the transfer of the Option Shares is shared equally between the Company and the Purchaser.

Rule 1006	Bases	Sale and Purchase of the Option Shares (S\$)	Group (S\$)	Relative figures (%)
(a)	Net asset value ⁽¹⁾ of the assets to be disposed of, compared with the Group's net asset value as at 30 June 2007	11.1 million	23.3 million	48
(b)	Net profits ⁽²⁾ attributable to the assets to be disposed of, compared with the Group's net profits for the six month period ended 30 June 2007	0.8 million	1.6 million	49
(c)	Aggregate value of the Put Option Exercise Price, compared with the Company's market capitalisation as at 20 July 2007 (being the Market Day immediately preceding the date of the Share Purchase Agreement)	18.4 million	270.2 million	7
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	N.A.	N.A.	N.A.

Notes :

(1) Net asset value is defined as total assets minus total liabilities.

(2) Net profits is defined as profit before income tax, minority interests and extraordinary items.

Based on the relative figures shown above, the Proposed Disposal constitutes a major transaction within the meaning of Chapter 10 of the Listing Manual and pursuant to Rule 1013, the Company is required to seek Shareholders' approval for the Proposed Disposal. Accordingly, Shareholders' approval would be sought at the forthcoming EGM to be held on 26 September 2007 at 10.30 a.m. at Nautica II, Level 2, Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887.

4.3 Computations on the gain arising from the proposed Sale and the exercise of the Call Option or the Put Option, as the case may be, against the Group's net profits

4.3.1 The computation on the gain arising from the proposed Sale against the Group's net profits, based on the unaudited consolidated financial statements of the Company for the six month period ended 30 June 2007, is as follows:-

Description	Sale and Purchase of the Sale Shares (S\$)	Group (S\$)	(%)
Gain arising from the proposed Sale compared with the Group's net profits ⁽¹⁾ for the six month period ended 30 June 2007	4.8 million	1.6 million	303

Note:

(1) Net profits is defined as profit before income tax, minority interests and extraordinary items.

4.3.2 The computation on the gain arising from the exercise of the Call Option by the Purchaser against the Group's net profits, based on the unaudited consolidated financial statements of the Company for the six month period ended 30 June 2007, is as follows:-

Description	Sale and Purchase of the Option Shares (S\$)	Group (S\$)	(%)
Gain arising from the exercise of the Call Option by the Purchaser ⁽¹⁾ compared with the Group's net profits ⁽²⁾ for the six month period ended 30 June 2007	10.0 million	1.6 million	628

Notes:

(1) The gain arising from the exercise of the Call Option by the Purchaser is computed based on the minimum Call Option Exercise Price of S\$21,188,750 as the Company is unable to pre-determine the future consolidated undistributed net profit after tax of York Transport prior to the exercise of the Call Option by the Purchaser.

(2) Net profits is defined as profit before income tax, minority interests and extraordinary items.

4.3.3 The computation on the gain arising from the exercise of the Put Option by the Company against the Group's net profits, based on the unaudited consolidated financial statements of the Company for the six month period ended 30 June 2007, is as follows:-

Description	Sale and Purchase of the Option Shares (S\$)	Group (S\$)	(%)
Gain arising from the exercise of the Put Option by the Company ⁽¹⁾ compared with the Group's net profits ⁽²⁾ for the six month period ended 30 June 2007	7.2 million	1.6 million	454

Notes:

(1) The gain arising from the exercise of the Put Option by the Company is computed based on the minimum Put Option Exercise Price of S\$18,425,000 as the Company is unable to pre-determine the future consolidated undistributed net profit after tax of York Transport prior to the exercise of the Put Option by the Company.

(2) Net profits is defined as profit before income tax, minority interests and extraordinary items.

5. FINANCIAL EFFECTS OF THE DISPOSAL

5.1 Financial effects of the proposed Sale

The net sales proceeds from the proposed Sale, after deducting all expenses, is estimated to be approximately S\$16.4 million. The carrying net book value of the Sale Shares in the audited consolidated financial statements of the Company as at 31 December 2006 is approximately S\$11.3 million. Accordingly, the excess of the proceeds over the book value of the Sale Shares is S\$5.2 million.

Upon completion of the proposed Sale, the net profit attributable is estimated to be approximately S\$5.2 million after deducting all expenses. Accordingly, the gain on the proposed Sale is approximately S\$5.2 million.

The proforma financial effects of the proposed Sale are purely for illustrative purpose and are neither indicative of the actual financial effects of the proposed Sale on the NTA and EPS of the Group nor indicative of the financial performance of the Group for the financial year ended 31 December 2006. The proforma financial effects have been prepared based on the audited consolidated financial statements of the Company for the year ended 31 December 2006.

(a) NTA

Assuming that the proposed Sale had been completed on 31 December 2006, the proposed Sale would have the following impact on the NTA of the Group:

	NTA of the Group	NTA per Share
Before the proposed Sale	S\$22.1 million	3.5 cents
After the proposed Sale	S\$27.3 million	4.4 cents

(b) EPS

Assuming that the proposed Sale had been completed on 1 January 2006, the proposed Sale would have the following impact on the earnings of the Group:

	Net profit attributable to Shareholders	EPS
Before the proposed Sale	S\$1.0 million	0.3 cents
After the proposed Sale	S\$5.6 million	1.5 cents

5.2 Financial effects on the exercise of the Call Option

The Call Option Exercise Price is computed based on the minimal amount of S\$21,188,750 as the Company is unable to pre-determine the future consolidated undistributed net profit after tax of York Transport prior to the exercise of the Call Option by the Purchaser.

Accordingly, the net sales proceeds from the exercise of the Call Option by the Purchaser, after deducting all expenses, is estimated to be approximately S\$21.2 million. The carrying net book value of the Option Shares in the audited consolidated financial statements of the Company as at 31 December 2006 is approximately S\$10.8 million. Accordingly, the excess of the proceeds over the book value of the Option Shares is S\$10.4 million.

Upon completion of the proposed sale and purchase of the Option Shares pursuant to the exercise of the Call Option, the net profit attributable is estimated to be approximately S\$10.4 million after deducting all expenses. Accordingly, the gain on the proposed sale and purchase of the Option Shares pursuant to the exercise of the Call Option is approximately S\$10.4 million.

The proforma financial effects of the proposed exercise of the Call Option are purely for illustrative purpose and are neither indicative of the actual financial effects of the proposed exercise of the Call Option on the NTA and EPS of the Group nor indicative of the financial performance of the Group for the financial year ended 31 December 2006. The proforma financial effects have been prepared based on the audited consolidated financial statements of the Company for the year ended 31 December 2006.

(a) NTA

Assuming that the proposed sale and purchase of the Option Shares pursuant to the exercise of the Call Option had been completed on 31 December 2006, the proposed sale and purchase of the Option Shares would have the following impact on the NTA of the Group:

	NTA of the Group	NTA per Share
Before the proposed Sale	S\$22.1 million	3.5 cents
After the proposed Sale	S\$27.3 million	4.4 cents
After the exercise of the Call Option	S\$37.6 million	6.0 cents

(b) EPS

Assuming that the proposed sale and purchase of the Option Shares pursuant to the exercise of the Call Option had been completed on 1 January 2006, the proposed sale and purchase of the Option Shares would have the following impact on the earnings of the Group:

	Net profit attributable to Shareholders	EPS
Before the proposed Sale	S\$1.0 million	0.3 cents
After the proposed Sale	S\$5.2 million	1.4 cents
After the exercise of the Call Option	S\$15.5 million	4.2 cents

5.3 Financial effects on the exercise of the Put Option

The Put Option Exercise Price is computed based on the minimal amount of S\$18,425,000 as the Company is unable to pre-determine the future consolidated undistributed net profit after tax of York Transport prior to the exercise of the Put Option by the Company.

Accordingly, the net sales proceeds from the exercise of the Put Option by the Company, after deducting all expenses, is estimated to be approximately S\$18.4 million. The carrying net book value of the Option Shares in the audited consolidated financial statements of the Company as at 31 December 2006 is approximately S\$10.8 million. Accordingly, the excess of the proceeds over the book value of the Option Shares is S\$7.6 million.

Upon completion of the proposed sale and purchase of the Option Shares pursuant to the exercise of the Put Option, the net profit attributable is estimated to be approximately S\$7.6 million after deducting all expenses. Accordingly, the gain on the proposed sale and purchase of the Option Shares pursuant to the exercise of the Put Option is approximately S\$7.6 million.

The proforma financial effects of the proposed exercise of the Put Option are purely for illustrative purpose and are neither indicative of the actual financial effects of the proposed exercise of the Put Option on the NTA and EPS of the Group nor indicative of the financial performance of the Group for the financial year ended 31 December 2006. The proforma financial effects have been prepared based on the audited consolidated financial statements of the Company for the year ended 31 December 2006.

(a) NTA

Assuming that the proposed sale and purchase of the Option Shares pursuant to the exercise of the Put Option had been completed on 31 December 2006, the proposed sale and purchase of the Option Shares would have the following impact on the NTA of the Group:

	NTA of the Group	NTA per Share
Before the proposed Sale	S\$22.1 million	3.5 cents
After the proposed Sale	S\$27.3 million	4.4 cents
After the exercise of the Put Option	S\$34.8 million	5.6 cents

(b) EPS

Assuming that the proposed sale and purchase of the Option Shares pursuant to the exercise of the Put Option had been completed on 1 January 2006, the proposed sale and purchase of the Option Shares would have the following impact on the earnings of the Group:

	Net profit attributable to Shareholders	EPS
Before the proposed Sale	S\$1.0 million	0.3 cents
After the proposed Sale	S\$5.2 million	1.4 cents
After the exercise of the Put Option	S\$12.7 million	3.5 cents

6. DISCLOSURE OF DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and substantial Shareholders in the Shares as at the Latest Practicable Date, as recorded in the Register of Directors' Shareholdings and the Register of Substantial Shareholders maintained under the provisions of the Companies Act, are as follows:

	Direct Interests		Deemed Interests	
	No. of Shares	%	No. of Shares	%
<u>Directors</u>				
Lim Ho Seng	540,000	0.09	–	–
Dr Benety Chang*	–	–	436,168,700	69.16
Anthony Sabastian Aurol*	–	–	436,168,700	69.16
Tan Yang Guan*	400,000	0.06	436,168,700	69.16
Robert Wong Kwan Seng	–	–	–	–
<u>Substantial Shareholder</u>				
Saberon Investments Pte Ltd	436,168,700	69.16	–	–

* Deemed to be interested in 436,168,700 Shares held by Saberon Investments Pte Ltd by virtue of Section 7 of the Companies Act.

The interests of the Directors and substantial Shareholders in the Warrants as at the Latest Practicable Date, as recorded in the Warrant Register maintained under the provisions of the Deed Poll dated 16 May 2006 constituting the Warrants, are as follows:

	Direct Interests		Deemed Interests	
	No. of Warrants	%	No. of Warrants	%
<u>Directors</u>				
Lim Ho Seng	–	–	–	–
Dr Benety Chang*	–	–	19,825,850	79.79
Anthony Sabastian Aurol*	–	–	19,825,850	79.79
Tan Yang Guan*	10,000	0.04	19,825,850	79.79
Robert Wong Kwan Seng	–	–	–	–
<u>Substantial Shareholder</u>				
Saberon Investments Pte Ltd	19,825,850	79.79	–	–

* Deemed to be interested in 19,825,850 Warrants held by Saberon Investments Pte Ltd by virtue of their shareholdings in Saberon Investments Pte Ltd

7. UNDERTAKING BY SABERON INVESTMENTS PTE LTD

Saberon Investments Pte Ltd which holds 436,168,700 Shares representing 69.16% of the issued and paid up capital of the Company has given an undertaking to the Purchaser to exercise their voting rights to vote in favour of the resolution to approve the proposed Disposal.

Dr Benety Chang, Messrs Anthony Sabastian Aurol and Tan Yang Guan are directors and substantial shareholders of Saberon Investments Pte Ltd.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Mr Robert Wong Kwan Seng is a shareholder and director of Straits Law Practice LLC, the solicitors of the Company who are advising the Company in respect of the proposed Disposal and the preparation of this Circular. Straits Law Practice LLC will be receiving legal fees in connection with their role as solicitors to the Company.

Save as disclosed, as at the Latest Practicable Date, none of the Directors and controlling Shareholders of the Company has any interest, direct or indirect, in the proposed Disposal.

9. DIRECTORS' RECOMMENDATION

Having fully considered the rationale for the proposed Disposal set out in paragraph 3.6 of this Circular, the Directors are of the opinion that the proposed Disposal is in the interests of the Company.

Accordingly, they recommend that Shareholders vote in favour of the resolution relating to the proposed Disposal to be proposed at the EGM.

10. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 21 of this Circular, will be held at Nautica II, Level 2, Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887 on 26 September 2007 at 10.30 a.m. for the purpose of considering and, if thought fit, passing with or without modifications the resolution set out in the Notice of EGM.

11. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend on their behalf are requested to complete, sign and return the proxy form attached to this Circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company not less than 48 hours before the time fixed for the EGM. The completion and lodgement of the proxy form by a Shareholder will not prevent him from attending and voting at the EGM in person if he so wishes.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 48 hours before the EGM.

12. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by all Directors who collectively and individually accept responsibility for this Circular (save for information relating to TRF and the TATA Group of Companies which were provided by their respective representatives) and confirm, after having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Circular are fair and accurate in all material respects as at the Latest Practicable Date and that there are no material facts the omission of which would make any statement in this Circular misleading.

13. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents may be inspected at the registered office of the Company at No. 122 Pioneer Road Singapore 639583 during normal business hours from the date hereof up to and including the date of the EGM:

- (a) the Share Purchase Agreement;
- (b) the Memorandum and Articles of Association of the Company; and
- (b) the annual report of the Company for the financial year ended 31 December 2006.

Yours faithfully
for and on behalf of the Board of Directors
Baker Technology Limited

Lim Ho Seng
Chairman

BAKER TECHNOLOGY LIMITED

(Company Registration No. 198100637D)
(Incorporated in the Republic of Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Baker Technology Limited (the "Company") will be held at Nautica II, Level 2, Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887 on 26 September 2007 at 10.30 a.m. for the purpose of considering and, if thought fit, passing with or without modifications the following ordinary resolution:-

ORDINARY RESOLUTION

- (a) That approval be and is hereby given to the Directors of the Company to effect the following:-
- (i) the sale of 12,870,941 ordinary shares, representing approximately 51% in the issued and paid up share capital of York Transport Equipment (Asia) Pte Ltd ("York Transport"), further details of which are as stated in the circular to shareholders dated 7 September 2007, on the terms and conditions of the conditional share purchase agreement dated 23 July 2007 (the "Share Purchase Agreement") entered into between the Company and TRF Limited (the "Purchaser"); and
 - (ii) the sale of balance 12,366,198 ordinary shares, representing approximately 49% of the issued and paid up share capital of York Transport on the terms and conditions of the call and put options agreement to be entered into between the Company and the Purchaser on completion of the Share Purchase Agreement; and
- (b) That the Directors and each of them be and are hereby authorised and empowered to complete and do all acts and things, and to approve, modify and execute all documents and to approve any amendment, alteration or modification to any document as they may consider necessary, desirable or expedient or in the interests of the Company to give effect to the Share Purchase Agreement and/or this ordinary resolution as they or he may deem fit.

By Order of the Board

Aw Seok Chin
Company Secretary

Singapore, 7 September 2007

NOTES:

1. A member of the Company entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two proxies to attend at the same meeting. Where a member appoints more than one proxy, he shall specify the number of shares to be represented by each proxy. A proxy need not be a member of the Company.
2. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 122 Pioneer Road, Singapore 639583 not later than 48 hours before the time appointed for holding the Extraordinary General Meeting.

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BAKER TECHNOLOGY LIMITED

(Company Registration Number:198100637D)
(Incorporated in the Republic of Singapore)

IMPORTANT

1. For investors who have used their CPF monies to buy shares in the capital of Baker Technology Limited, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

PROXY FORM – EXTRAORDINARY GENERAL MEETING

(Please read notes overleaf before completing this form)

I/We, _____ NRIC/Passport No./Company Registration

No. _____ of _____
(Address)

being a member/members of BAKER TECHNOLOGY LIMITED hereby appoint:

Name	Address	NRIC/ Passport No.	No. of Shares Represented

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	No. of Shares Represented

and/or failing him/her, the Chairman of the Extraordinary General Meeting (“EGM”) as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the EGM of the Company to be held at Nautica II, Level 2, Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887 on 26 September 2007 at 10.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the ordinary resolution to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the EGM.

ORDINARY RESOLUTION	To be used on a show of hands		To be used in the event of a poll	
	For*	Against*	For**	Against**
To approve the proposed Disposal and Call and Put Options of the issued and paid up share capital of York Transport Equipment (Asia) Pte Ltd				

* Please indicate your vote “For” or “Against”

** If you wish to use all your votes “For” or “Against”, please indicate with an “X” within the box provided. Otherwise, please indicate number of votes.

Dated this _____ day of _____ 2007

Total Number of Shares	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature of Shareholder(s)/Common Seal
of Corporate Shareholder



NOTES:-

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 122 Pioneer Road Singapore 639583 not less than 48 hours before the time set for the EGM.
4. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the number of shares to be represented by each proxy.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised.
6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Chapter 50.
8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Ltd to the Company.