



BAKER TECHNOLOGY LIMITED

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

PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF SEA DEEP SHIPYARD PTE. LTD.

1. Introduction

The Board of Directors of Baker Technology Limited (the "Company") wishes to announce that it had on 1 February 2008 entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with Saberon Investments Pte Ltd (the "Vendor") to acquire from the Vendor an aggregate of 650,000 issued and paid-up ordinary shares (the "Sale Shares") in the capital of Sea Deep Shipyard Pte. Ltd. ("SDSPL") (the "Proposed Acquisition"). The Sale Shares represent the entire issued and paid-up capital of SDSPL.

2. Information on SDSPL

SDSPL was incorporated as a private limited company in the Republic of Singapore on 14 September 1996. As at the date of the Sale and Purchase Agreement, SDSPL has an issued and paid-up share capital of S\$650,000 comprising 650,000 ordinary shares.

SDSPL has a wholly owned subsidiary, Interseas Shipping (Private) Limited ("ISPL"), which was acquired from Saberon Investments Pte Ltd on 19 October 2006 (the "SDSPL Group"). As at the date of the Sale and Purchase Agreement, ISPL has an issued and paid-up share capital of S\$200,000 comprising 200,000 ordinary shares.

The SDSPL Group is principally engaged in steel fabrication of components for the oil and gas industry and the design and manufacture of cranes for the offshore industry. The components that the SDSPL Group manufactures include skidding systems, raw water towers and winches. In addition, the SDSPL Group manufactures standard cranes which it sells under its own "Sea Hercules" brand name. It also manufactures cranes under a licensing agreement.

The SDSPL Group also provides rig equipment repairs and refurbishment services. It repairs and refurbishes jacking systems, skidding systems and water tower elevating systems and also offers welding and leg repair services for jack-up rigs. Other than carrying out repairs and refurbishment services at its factory premises, it also provides on-site services for its customers.

Based on the unaudited accounts of SDSPL for the financial year ended 31 December 2007 (“FY2007”), the SDSPL Group’s net tangible asset value (“NTA”) and net profit after tax is approximately S\$6.5 million and S\$11.8 million respectively.

3. Purchase Consideration

The purchase consideration for the Proposed Acquisition is S\$20.0 million (the “Consideration”) and is to be satisfied entirely in cash. The Consideration will be funded by internal resources of the Company.

The Consideration was arrived at after arm’s length negotiations on a “willing seller-willing buyer” basis, after taking into consideration the unaudited net profit after tax of the SDSPL Group for FY2007 of S\$11.8 million and the business prospects of the SDSPL Group. Please refer to paragraph 5 of this announcement on the rationale of the Proposed Acquisition for further information on the business prospects of the SDSPL Group.

The Consideration will be paid to the Vendor on the date of completion of the Proposed Acquisition.

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 the SDSPL Group, 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 the SDSPL Group and any other information disclosed to the Company; and
- (b) Approval being obtained from the shareholders of the Company (other than the Vendor or its 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 aforesaid conditions precedent is not fulfilled or is waived by mutual consent of the parties by 30 June 2008, 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. Rationale for the Proposed Acquisition

The offshore marine industry is expected to stay strong in the next few years on the back of strong order books and momentum.

The Proposed Acquisition presents the Company and its subsidiaries (the "Group") with an attractive opportunity to increase its exposure to the oil and gas industry. More specifically, with the Proposed Acquisition, the Group is presented with the opportunity to gain a direct exposure to the component and equipment supply sector of the offshore marine industry, the prospects of which are expected to remain favourable over the next few years.

Further elaboration on the prospects of the SDSPL Group will be provided in the Company's circular to be sent to shareholders in due course, seeking their approval for the Proposed Acquisition at an EGM to be convened.

6. Financial Effects

The proforma financial effects of the Proposed Acquisition on the earnings per share ("EPS") and the NTA per share of 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 audited financial statements of the Group for the financial year ended 31 December 2006 and the unaudited financial statements of the SDSPL Group for FY2007.

(a) EPS

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

EPS before the Proposed Acquisition (cents)	0.26
EPS after the Proposed Acquisition (cents)	3.38

(b) NTA per share

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

NTA per share before the Proposed Acquisition (cents)	3.51
NTA per share after the Proposed Acquisition (cents)	1.32

7. 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 ⁽¹⁾ attributable to the assets acquired or disposed of, compared with the Group's net profits ⁽¹⁾ .	272.7% ⁽²⁾
(c)	The aggregate value of the consideration given or received compared with the issuer's market capitalisation.	11.7% ⁽³⁾
(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 unaudited consolidated net profit of the SDSPL Group for the six months ended 30 June 2007 of S\$4.3 million by the unaudited consolidated net profit of the Group for the six months ended 30 June 2007 of S\$1.6 million.
- (3) Determined by dividing the Consideration of S\$20.0 million and the market capitalisation of the Company of S\$170.3 million as at 31 January 2008 (being the market day preceding the date of the Sale and Purchase 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 31 January 2008 of S\$0.2697 per Share with the issued share capital of the Company of 631,273,576 Shares.

Rule 1015(2) provides that a very substantial acquisition within the meaning of Rule 1015(1) must be made conditional upon approval by shareholders in general meeting. However, Rule 1015(2) 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 1015(2) for the Proposed Acquisition itself.

8. Details of Interested Person

As at the date of the Sale and Purchase Agreement, the Vendor is a controlling shareholder of the Company holding 436,168,700 shares, representing approximately 69.1% of the issued and paid-up share capital of the Company. Accordingly, the Vendor is considered to be an "interested person" within the meaning defined in Chapter 9 of the Listing Manual.

The Directors of the Company, Dr Benety Chang, Messrs Anthony Sabastian Auroi and Tan Yang Guan, each holds direct interests of 67%, 15% and 3% respectively in the issued and paid-up share capital of the Vendor. In addition, Dr Benety Chang is

also deemed interested in the 15% interest in the Vendor held by his spouse. As such, Dr Benety Chang and Messrs Anthony Sabastian Aurol and Tan Yang Guan are each deemed interested in the 69.1% interest held by the Vendor in the Company and are therefore deemed interested in the Proposed Acquisition.

In addition, Dr Benety Chang and Messrs Anthony Sabastian Aurol and Tan Yang Guan are also existing directors of the Vendor and SDSPL.

Accordingly, the Proposed Acquisition is an interested person transaction.

The aggregate value of the Proposed Acquisition represents approximately 90.8% of the latest audited consolidated NTA of approximately S\$22.0 million for the Group as at 31 December 2006.

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.

9. Current Total Interested Person Transactions

As mentioned above, the aggregate value of the Proposed Acquisition is S\$20.0 million, representing approximately 90.8% of the latest audited consolidated NTA of approximately S\$22.0 million of the Group as at 31 December 2006.

No other interested person transactions were entered with the Vendor, Dr Benety Chang, Messrs Anthony Sabastian Aurol or Tan Yang Guan for the current financial year up to the date of this announcement.

10. Interests of Directors and Controlling Shareholders

SDSPL is a supplier of steel components to Aqua-Terra Oilfield Equipment & Services Pte Ltd, a wholly-owned subsidiary of Aqua-Terra Supply Co. Limited ("ATS"). Mr. Robert Wong Kwan Seng, an Independent Director of the Company, is also an Independent Director of ATS. Mr. Lim Ho Seng, an Independent Director of the Company, is an Independent Director of KS Energy Services Limited, which is the holding company of ATS.

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

11. Audit Committee's Statement

Pursuant to Rule 921(4) of the Listing Manual, the Company will be appointing an independent financial adviser ("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.

12. 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 despatched by the Company to shareholders in due course.

13. 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
1 February 2008