



**GIKEN SAKATA (S) LIMITED**  
(the "**Company**")

(Incorporated in the Republic of Singapore)  
Company Registration No. 197903879W

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**DEBT RESTRUCTURING AGREEMENT AND SECURITY SHARING DEED DATED 3 JULY 2008**

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The board of directors of the Company (the "**Board**") refers to (i) the announcement dated 4 February 2008 (the "**Investment Announcement**") announcing that the Company had on 4 February 2008 entered into a definitive Investment Agreement dated 4 February 2008 (the "**Investment Agreement**") with Miyoshi Precision Limited ("**Miyoshi**") in relation to the proposed investment by Miyoshi in the Company; and (ii) the announcement dated 17 December 2007 (the "**Term Sheet Announcement**") in relation to the entry by the Company into the investment term sheet (the "**Term Sheet**") with Miyoshi, setting out *inter alia* the principal terms of the Investment Agreement and the proposed restructuring arrangements of the Company's liabilities.

Unless otherwise defined, capitalised terms used in this Announcement shall have the same meanings as defined in the Investment Announcement.

**DEBT RESTRUCTURING AGREEMENT**

The Board wishes to announce that in connection with the execution of the Term Sheet and the Investment Agreement, the Company has entered into a debt restructuring agreement (the "**DRA**") with the Banks and HP Lenders (collectively, the "**Lenders**") on 3 July 2008. Under the DRA, the total aggregate amount of S\$11,583,923.27 (the "**Total Restructured Debt**", and the restructured debt in respect of each Lender shall be referred to as the "**Restructured Debt**") owing by the Company to the Banks and HP Lenders under the various credit facilities granted by the Banks and HP Lenders (the "**Credit Facilities**") as at 30 September 2007 is to be restructured in accordance with the terms therein. The following are some of the key terms of the DRA:-

**1 TERMS OF RESTRUCTURING**

a) **Commencement**

On the date of commencement of the DRA, being the date on which the monitoring accountant notifies the Company that all conditions precedent to the DRA have been satisfied:-

- (i) all amounts owing by the Company to the Lenders under the Credit Facilities as at 30 September 2007 shall be restructured into the relevant Lender's Restructured Debt; and
- (ii) the terms of each Lender's Restructured Debt shall, in addition to the terms of each Lender's relevant Credit Facilities, be subject to the terms of the DRA.

b) **Interest**

Interest on each Lender's Restructured Debt shall, from 1 October 2007 to 30 September 2014 or such earlier date as provided under the terms of the DRA (the "**Restructuring Period**"), accrue at the lowest of the prevailing prime lending rates among the Banks and United Overseas Bank Limited as at the first business day of that calendar month ("**Relevant Prime Rate**").

All principal amounts and interest due and owing by the Company to the Banks and the HP Lenders as at 30 September 2007 shall be treated as the principal sum (the "**Principal**") for the purpose of the restructuring.

Interest on the Principal shall accrue monthly in arrears at the Relevant Prime Rate from 1 October 2007.

For the period from 1 January 2008 to 31 August 2008, part of the interest accrued pursuant to the foregoing paragraph above shall be paid monthly in arrears, with the last such payment being on 31 August 2008. The part of the interest to be paid each month shall represent the interest accrued on the Principal at the rate of 2% per annum. Part payment of the interest accrued shall commence from 31 January 2008 with each subsequent payment being made on the last day of every calendar month thereafter. The first of such payments was due on 31 January 2008 and to date, the Company has been making such payments as they fall due.

Payment of the interest on the Principal accrued from 1 October 2007 to 31 December 2007 and the interest accrued on the Principal from 1 January 2008 to 31 August 2008 that remains unpaid shall be made in 12 equal monthly instalments commencing on 30 September 2008 on the last day of each calendar month.

Payment of interest on the Principal accruing from 1 September 2008 shall be made monthly in arrears together with repayments of the Principal (which shall be made in equal monthly instalments over a period of 6 years) from 30 September 2008.

Interest on each Lender's Restructured Debt shall accrue from day to day calculated on the basis of a three hundred and sixty five (365) day year.

**2 REPAYMENT**

The Company shall repay each Lender's Restructured Debt by 72 equal monthly instalments, the first of such instalment to be paid on 30 September 2008.

**3 SECURITY**

a) **Security**

Each Bank's Restructured Debt is secured by *inter alia* its respective debenture granted to it by the Company and such relevant facility document relating to the Credit Facilities granted by each Bank (the "**Bank Lender Security**"). Subject to the terms of the DRA, any decision to be taken in respect of any Bank Lender Security shall be determined by the Banks or the Majority Bank Lenders (as defined in the DRA) only.

b) **Hire Purchase**

Each HP Lender shall retain their interest in the relevant asset subject to the hire purchase agreement(s) between the HP Lender and the Company as provided under the terms of such agreement(s). Subject to the DRA, any action to be taken in respect of each hire purchase asset shall be determined by the relevant HP Lender only, provided that each HP Lender shall give the other Lenders not less than 5 business days' prior written notice before enforcing any of its ownership or security rights over any hire purchase asset.

**4 CONDITIONS PRECEDENT**

The arrangements under the DRA are (unless waived by the Lenders on such conditions as they may stipulate) subject to *inter alia* the following conditions precedent:-

The Lenders being satisfied that:-

- a) Miyoshi has entered into the Investment Agreement;
- b) all conditions precedent under the Investment Agreement for the disbursement of the Initial Loan have been satisfied and Miyoshi has disbursed the Initial Loan in full to the Company;
- c) The monitoring accountant has confirmed to the Lenders it has received all the documents, payments and evidence pursuant to the DRA;
- d) The Company has appointed a monitoring accountant acceptable to the Lenders;
- e) There are no bankruptcy, winding up, insolvency, judicial management, receivership or other similar proceedings commenced against the Company, any of its subsidiaries or Miyoshi; and
- f) All other corporate and regulatory approvals which may be necessary or desirable in connection with the DRA and the transactions contemplated thereunder have been obtained.

If the conditions precedent are not satisfied within 30 days of the date of the DRA or such extended period of time as the Lenders may agree, the DRA shall terminate, except with respect to the liability of the parties to each other in respect of any prior breaches of the terms thereunder, and all parties shall remain bound by the terms of the relevant agreements in respect of the existing facility documents relating to the Credit Facilities granted by each of the Lenders.

## 5 MORATORIUM

During the Restructuring Period:

- a) no Lender shall take any step to commence or continue any legal, insolvency or other proceeding, or exercise any right of set-off against the Company;
- b) no Lender shall receive any payment or benefit other than in accordance with the terms of the DRA; and
- c) no Lender shall enforce any of its security or ownership rights over any of the assets of the Company.

A copy of the DRA is available for inspection during normal business hours at the Company's registered office at 3 Church Street, #08-01 Samsung Hub Singapore 049483 for 3 months from the date of this Announcement.

## SECURITY SHARING DEED

The Board wishes to announce further, that the Company has also entered into a security sharing deed on 3 July 2008 with the Banks and Miyoshi (the "**Security Sharing Deed**"). The terms of the Security Sharing Deed provides that the Debenture granted to Miyoshi in respect of the Initial Loan and the Additional Loan shall (subject to the Investment Agreement) rank *pari passu* with the debentures granted to the Banks dated 8 February 2006 for the period of the earlier of (a) the date falling 12 months from (i) the last date the Additional Loan is granted to the Company within the Availability Period (as defined in the Investment Agreement) or (ii) the date the aggregate amount of Additional Loan granted to the Company within the Availability Period (as defined in the Investment Agreement) was S\$1,500,000.00, whichever is the earlier; and (b) 30 September 2009.

For and on behalf of the Board

Ng Say Tiong  
Company Secretary  
3 July 2008