

BAKER TECHNOLOGY LIMITED
(UEN No. 198100637D)
(Incorporated in the Republic of Singapore)

RESPONSE TO SGX-ST QUERY ON THE BUSINESS TIMES ARTICLE DATED 21 APRIL 2020 & BUSINESS UPDATE ON COVID-19 PANDEMIC

The Board of Directors (the “**Directors**”) of Baker Technology Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) has received the following query from SGX-ST on 23 April 2020 in relation to The Business Times article dated 21 April 2020 as referred to in the said query.

SGX-ST QUERY

We refer to The Business Times article on 21 April 2020 titled, “Oil price crashes into negative territory for the first time in history amid pandemic”, available here:- <https://www.businesstimes.com.sg/energy-commodities/oil-price-crashes-into-negative-territory-for-the-first-time-in-history-amid> (the “**Article**”).

Please advise whether the Company is impacted materially by the oil price movement, especially into negative territory as reported in the Article. If yes, please be reminded that all material information must be announced via SGXNET pursuant to Listing Rule 703, and consider whether a trading halt is necessary pending the announcement.

COMPANY’S RESPONSE

On 3 April 2020, the Government of Singapore implemented a number of Circuit Breaker Measures (the “**Measures**”) to address the trend of increasing local transmission of COVID-19. These heightened safe distancing measures were to be in place from 7 April 2020 to 4 May 2020 (the “**Circuit Breaker Period**”). During the Circuit Breaker Period, non-essential services which cannot be conducted through telecommuting from home are to be suspended. Essential services and their related supply chains are exempted from the suspension but will still need to operate with minimum staff on their premises and implement strict safe distancing measures.

The companies within the Group were considered essential services and so our production facilities were able to carry on albeit with additional safe distancing measures imposed in accordance with the directives from the Government of Singapore issued from time to time. In the last week, the Singapore Ministry of Health had reported a sharp increase of positive COVID-19 cases among the population of workers mainly staying in dormitories. There has also been an increase in the number of clusters on construction sites as well as shipyards in Singapore. As such, the Singapore government has taken a number of measures to prevent widespread infections among the worker community as well as workplaces including designating a number of dormitories as isolation areas and imposing Stay Home Notice on foreign workers within the construction sector.

On 21 April 2020, the Government of Singapore took a further step and announced an extension of the Circuit Breaker Period from 4 May 2020 to 1 June 2020 (inclusive). In addition to the extension, the Multi-Ministry Taskforce also implemented additional measures to address the rise in COVID-19 cases within the dormitories - with effect from 21 April 2020,

2359hrs, daily movement of workers in and out of all dormitories will no longer be allowed. The result is that even for businesses which were permitted to continue operating at their work premises any workers they have living in the dormitories who had earlier been allowed to commute to work will no longer be allowed to do so.

This new measure impacts our workforce directly as our workers, who are currently residing in dormitories, are no longer allowed to leave the dormitories to work on-site. In addition, we have a few Malaysian production employees who have remained in Johor during the Malaysian Control Order which is currently scheduled to end on 28 April 2020. As such, we will be implementing a stop work situation within our yard.

The chartering side of our Group has been impacted by lock down / movement control periods in other countries along with strict border controls and significant reduction in flights. This has caused some difficulties mainly from the perspective of crew changes, the logistics of obtaining provisions, spares and repairs as well as conducting inspections. Where possible, some of these difficulties have been overcome by sourcing items and labour locally (depending on where our vessels are operating) and also moved online where possible. The Group manages its vessels within the COVID-19 rules and restrictions set by the various countries where our vessels are operating. Policies and procedures have been put in place to minimise, if not avoid, the spread of COVID-19 onboard our vessels.

As a result of the recent fall in oil prices to historic lows and the ongoing uncertainty in the global oil and gas industry, the Group anticipates fewer market enquiries, requests for realignment of existing charters and shorter charter periods, with the result that chartering income will be negatively impacted.

The COVID-19 pandemic and fall in oil prices will therefore weigh on the financials of the Group for the financial year ending 31 December 2020. At this stage, however, the Group is unable to determine the extent of the financial impact of both events and as such, the Company may not be able to maintain its earlier outlook that the Group's revenue for 2020 is expected to be in line or better than 2019. At present, the Group's liquidity and balance sheet remain stable however a long drawn out pandemic together with continuing low oil prices could be a cause of concern. The support measures as announced by the Government of Singapore in the Unity, Resilience and Solidarity Budgets have and continue to provide valuable support to the Group.

The Group will continue to monitor the situation closely and maintain communication with all stakeholders including customers, vendors, creditors and shareholders and will provide further updates on any material developments as soon as practicable.

By Order of the Board
Lim Mee Fun
Company Secretary
23 April 2020