




# Annual Report 2017

BAKER  
TECHNOLOGY  
LIMITED

# THE BEST IN US

BAKER  
TECHNOLOGY  
LIMITED  
—  
THE BEST  
IN US



IN TIMES OF GREAT  
SUCCESSSES OR CHALLENGING  
CIRCUMSTANCES, IT IS OUR  
VALUES THAT SHAPE AND  
DEFINE US.

Our values continue to bring out **the best in us** and propel us tenaciously to realise our vision and achieve our targeted goals.



# TEAM WORK

## VISION

TO BE A LEADING PROVIDER OF SPECIALISED EQUIPMENT AND SERVICES TO THE OIL AND GAS SECTOR, OFFERING ADVANCED PRODUCTS AND INNOVATIVE SOLUTIONS FOR THE DIVERSE AND SPECIFIC NEEDS OF OUR WORLDWIDE CUSTOMERS.

## CONTENTS

### 01 TEAMWORK

Vision

### 02 TRUST

04 Key Milestones

06 Corporate Structure

07 Corporate Information

### 08 LEADERSHIP

10 Chairman's Message

12 Board of Directors

16 Key Executives

18 Our Business

22 Five-Year Financial Highlights

### 24 INNOVATION

26 Operating Review

27 Financial Review

32 Five-Year Performance Review

### 34 RESPECT

36 Sustainability

36 Corporate Governance Report

### 68 PASSION

Financial Contents

129 Analysis of shareholdings

131 Notice of AGM

Proxy Form



.02

BAKER  
TECHNOLOGY  
LIMITED  
—  
THE BEST  
IN US





# TRUST

**T**he foundation of a successful partnership is one built on trust and integrity. At Baker Tech, we strive to maintain good corporate governance practices and implement sound business policies that instill confidence in our stakeholders. Solidifying our position as a reliable brand will enable us to forge collaborations that stand the test of time.

## KEY MILESTONES



### MAY

Name changed to Baker Technology Limited.

### JULY

Saberon Investments Pte Ltd acquired a controlling stake in the Company.

### OCTOBER

Merit Award winner of Singapore Corporate Governance Award (SESDAQ) at SIAS Investors' Choice Awards.

### MAY

Acquired 100% of PPL Holdings Pte Ltd, an investment holding company, which owns a 15% stake in PPL Shipyard Pte Ltd.

### OCTOBER

Formed a strategic partnership with a TATA enterprise company (TRF Singapore Pte Ltd) which acquired a 51% stake in York Transport Equipment (Asia) Pte Ltd.

### APRIL

Won Merit Award for Best Managed Board\* in the Singapore Corporate Awards.

### NOVEMBER

Completed a renounceable non-underwritten rights issue of 327.4 million warrants at 1.0 cent each.

2000

2005

2007

2009

2004

2006

2008

2010

### SEPTEMBER

Winner of Singapore Corporate Governance Award (SESDAQ) at SIAS Investors' Choice Awards.

### JUNE

Raised \$14.3 million from a renounceable non-underwritten rights issue with free detachable warrants.

### APRIL

Acquired 100% of Sea Deep Shipyard Pte. Ltd.

### OCTOBER

Upgraded to SGX-ST Mainboard.

### APRIL

Won Silver Award for Best Managed Board\* in the Singapore Corporate Awards.

### SEPTEMBER

Listed on Forbes Asia's Best Under a Billion and was one of only eight companies in Singapore on the list.

### OCTOBER

Disposed of entire issued and paid up share capital of PPL Holdings Pte Ltd to QD Asia Pacific Ltd for a cash consideration of US\$116.25 million.





**MAY**  
Incorporation of wholly-owned subsidiary – Baker Engineering Pte. Ltd.

**JUNE**  
Disposal of 20% stake in Discovery Offshore S.A.

**JULY**  
Winner of Best Annual Report (Bronze) award\* at the Singapore Corporate Awards.



**JULY**  
Winner of Best Annual Report (Bronze) award\* at the Singapore Corporate Awards.

**JULY**  
Winner of Best Annual Report (Bronze) award\* at the Singapore Corporate Awards.

Awarded Transparency Award (Small & Mid Cap) at the SIAS 18th Investors' Choice Award.

**MAY**  
Acquired a 10.5% stake in Discovery Offshore S.A.

**JULY**  
Received Best Managed Board (Gold) and Best Annual Report (Silver) awards\* at the Singapore Corporate Awards.

2011

2013

2015

2017

2012

2014

2016

**MARCH**  
Disposed of remaining 49% stake in York Transport Equipment (Asia) Pte Ltd.

**JUNE**  
Completed a renounceable non-underwritten rights issue of 280.1 million warrants at 1.0 cent each.

**JULY**  
Winner of Best Annual Report (Silver) award\* at the Singapore Corporate Awards.

**AUGUST**  
Increased investment in Discovery Offshore S.A. to 20%.

**JULY**  
Winner of Best Managed Board (Gold) award and Best Annual Report (Silver) award\* at the Singapore Corporate Awards.

**AUGUST**  
Listed on Forbes Asia's Best Under a Billion and was one of only seven companies in Singapore on the list.

**SEPTEMBER**  
Incorporation of wholly-owned subsidiary – BT Investment Pte. Ltd.

**JULY**  
Merit award winner of Singapore Corporate Governance Award (Most Improved Category) at SIAS Investors' Choice Awards.

\* denotes for companies with market capitalisation of less than \$300 million



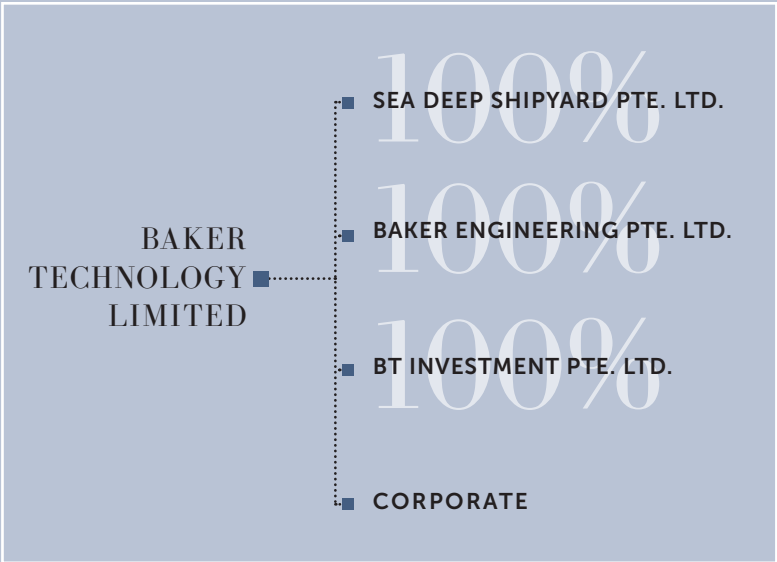
# CORPORATE STRUCTURE

Baker Technology Limited (“Baker Tech”) is an investment holding company and a provider of specialised marine offshore equipment and services, focused mainly on the offshore oil and gas industry. It has three wholly-owned subsidiaries, Sea Deep Shipyard Pte. Ltd. (“Sea Deep”), Baker Engineering Pte. Ltd. (“Baker Engineering”) and BT Investment Pte. Ltd. (“BT Investment”).

Sea Deep is a leading manufacturer and provider of specialised equipment and engineering solutions to oil companies and rig builders in Asia Pacific and the Middle East. Baker Engineering’s focus is on the design and construction of mobile offshore units and critical equipment and

components for the offshore marine industry while BT Investment targets opportunities for acquisitions and strategic alliances.

Baker Tech has built up advanced engineering capabilities and an outstanding reputation for innovation, quality and reliability. The Group continues to leverage this, whilst exploring strategic opportunities and partnerships to extend its reach into new markets, in order to enhance returns for shareholder. The Group believes in adhering to best practices in corporate governance, developing its people and being a responsible corporate citizen.





# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### *Chairman*

LIM HO SENG  
(Non-Executive)

### *Executive*

DR BENETY CHANG  
(Chief Executive Officer)

JEANETTE CHANG

### *Non-Executive*

TAN YANG GUAN

WONG MENG YENG  
(Lead Independent)

ANG MIAH KHIANG  
(Independent)

HAN SAH HEOK VICKY  
(Independent)

## AUDIT COMMITTEE

ANG MIAH KHIANG  
(Chairman)

HAN SAH HEOK VICKY

WONG MENG YENG

## NOMINATING COMMITTEE

WONG MENG YENG  
(Chairman)

HAN SAH HEOK VICKY

DR BENETY CHANG

## REMUNERATION COMMITTEE

HAN SAH HEOK VICKY  
(Chairman)

ANG MIAH KHIANG

LIM HO SENG

## COMPANY SECRETARY

NGA KO NIE

## REGISTERED OFFICE

10 Jalan Samulun  
Singapore 629124  
Tel: (65) 6262 1380  
Fax: (65) 6262 2108  
Website: [www.bakertech.com.sg](http://www.bakertech.com.sg)

## SHARE REGISTRAR

BOARDROOM CORPORATE &  
ADVISORY SERVICES PTE. LTD.  
50 Raffles Place  
#32-01, Singapore Land Tower  
Singapore 048623  
Tel: (65) 6536 5355  
Fax: (65) 6536 1360

## AUDITOR

ERNST & YOUNG LLP  
Public Accountants &  
Certified Public Accountants  
One Raffles Quay  
North Tower, Level 18  
Singapore 048583

Audit Partner-in-charge:  
LIM SIEW KOON  
(appointed since financial year  
ended 31 December 2015)

## PRINCIPAL BANKERS

STANDARD CHARTERED BANK

DBS BANK LTD

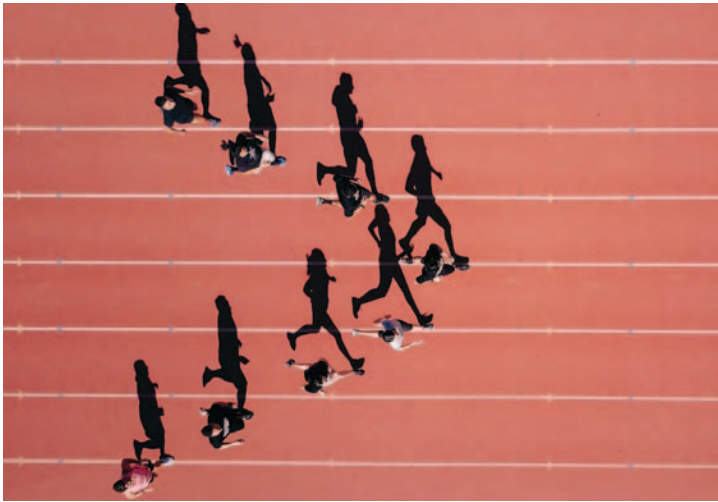
THE HONGKONG AND SHANGHAI  
BANKING CORPORATION LIMITED

BNP PARIBAS, SINGAPORE BRANCH



# LEADER SHIP

**P**ropelled by stalwart leadership and an ardent drive for excellence, Baker Tech forges forward with perseverance to achieve its long-term objectives. Under the guidance of our experienced directors coupled with the resilience of our capable management team, we have been able to navigate challenges and chart our course towards a sustainable future.





## CHAIRMAN'S MESSAGE



THE GROUP  
CONTINUES TO ACTIVELY  
PURSUE BUSINESS  
OPPORTUNITIES  
THROUGH ACQUISITIONS  
AND STRATEGIC  
ALLIANCES TO PROVIDE  
ADDITIONAL AVENUES  
FOR GROWTH.

### DEAR SHAREHOLDERS,

On behalf of the Board of Directors ("Board"), I present to you our annual report for the financial year ended 31 December 2017 ("FY2017").

2017 was a year when the oil and gas industry entered a state of convalescence. Worldwide economic growth, geopolitical upheavals culminated in improved demand and recovery in oil prices, amidst output cuts. Brent crude oil prices ended 2017 around US\$65/bbl, its highest since 2015.

While profitability is typically a key measure, sustainability is just as crucial. The protracted downturn in the oil and gas industry since 2014, resulted in widespread fall of companies, debt restructurings and asset sales.

Baker Tech adopts strategic objectives to mitigate operational risks by cautiously reducing our cost base and curtailing discretionary expenditure. The move has proven effective at a time when our peers

struggled with strained finances. Our strength lies in a sustainable balance sheet with no borrowings.

In the year of review, Baker Engineering Pte. Ltd. ("BEPL"), a subsidiary of the Group, reached a significant milestone upon completing construction of its first state-of-the-art liftboat, Blue Titanium. The BEL320-4R200S liftboat is the first in a series of liftboat designs created by BEL Design Pte. Ltd., BEPL's wholly-owned design subsidiary.

We are also pleased to share that the Group has secured a time charter contract for Blue Titanium, to be deployed in Southeast Asia in the later part of 2Q2018 to support rejuvenation works for oil and gas platforms for a national oil company. This charter is expected to contribute to the Group's financial performance for the financial year ending 31 December 2018.

### THE YEAR IN REVIEW

The Group's revenue was down 77% year on year at \$5.0 million, in view of the general slowdown in order intake from a period of significant capital expenditure cuts by the oil and gas industry. Lower revenue coupled by foreign exchange losses resulted in a net loss of \$10.7 million for the year, as compared to a net loss of \$8.3 million in FY2016.

Foreign exchange losses stood at \$4.0 million for FY2017, arising from the weakening of the U.S. dollar against Singapore dollar.

The Group reported net operating cash outflows of \$16.4 million for FY2017, to fund working capital required for operations. Cash and short-term deposits were at \$86.6 million, with no borrowings as at 31 December 2017.

Shareholders' funds as at 31 December 2017 stood at \$202.5 million, down from \$215.7 million as at 31 December 2016, due to the net loss and the payment of dividend to shareholders during the year.

**LOOKING  
AHEAD**

The global outlook of the oil and gas industry indicates a slow recovery and some signs of cautious optimism, as cost improvements from capex cutbacks and firmer oil prices increases affordability of fresh

investments. Revived demand amidst controlled supply also helped improve balance in an industry plagued by long-term supply glut.

We remain cautiously optimistic in our approach for the year.

The Group continues to actively pursue business opportunities through acquisitions and strategic alliances to provide additional avenues for growth.

**IN  
APPRECIATION**

On behalf of the Board of Directors, I would like to express my heartfelt gratitude to our shareholders, valued customers, suppliers and business associates for their continued confidence and trust in our ability to steer Baker Tech forward in these challenging times.

We recognise that our resilience and success depend largely on the relentless effort and contributions of the management and employees of the Group.

Finally, my deep appreciation goes to my fellow committed colleagues on the Board for their invaluable guidance, solidarity and professionalism in executing their corporate responsibilities.

**LIM HO SENG**  
Chairman  
Baker Technology Limited



# BOARD OF DIRECTORS

1



2



3



4





# 1

## LIM HO SENG

### Chairman

Mr Lim, 74, is the Chairman of the Board of Directors. He was first appointed to the Board on 1 October 1999 and was last re-appointed as Director at the Company's Annual General Meeting held on 22 April 2016. Mr Lim, who is a Non-Executive Director, is also a member of the Remuneration Committee.

Mr Lim was a former Chief Executive Officer of NTUC Fairprice Co-operative Ltd. He was previously an independent director of KS Energy Limited and RE&S Holdings Limited.

Mr Lim is a fellow of the Institute of Singapore Chartered Accountants, the Institute of Certified Public Accountants of Australia, the Association of Chartered Certified Accountants of the United Kingdom, Chartered Secretaries Institute of Singapore and the Singapore Institute of Directors.

# 3

## JEANETTE CHANG

### Executive Director

Ms Chang, 41, was first appointed to the Board on 1 September 2013 and was last re-elected as Director at the Company's Annual General Meeting held on 22 April 2016. She is responsible for corporate administration and human resources.

Ms Chang has an engineering and finance background having previously worked with Mott MacDonald Group in London on UK and Singapore engineering projects. Prior to joining the Company, Ms Chang was a Director in the Equity Capital Markets team at Barclays Bank PLC where she worked for nine years. She has significant experience in corporate finance especially in relation to fund raising in the capital markets.

Ms Chang holds a Master in Engineering First Class (Civil Engineering) degree from Imperial College London and a Master of Business Administration with Distinction from London Business School.

# 2

## DR BENETY CHANG

### Chief Executive Officer

Dr Chang, 70, is the Chief Executive Officer and major shareholder of the Company. He was first appointed to the Board on 5 May 2000 and was last re-elected as Director at the Company's Annual General Meeting held on 23 April 2015. Dr Chang is an Executive Director and a member of the Nominating Committee. Dr Chang has extensive experience in the offshore oil and gas industry and was the major founding shareholder and CEO of PPL Shipyard Pte Ltd until his resignation in July 2012.

Dr Chang holds a MBBS degree from the University of Singapore.

# 4

## TAN YANG GUAN

### Non-Executive Director

Mr Tan, 64, was first appointed to the Board on 5 May 2000 and was last re-elected as Director at the Company's Annual General Meeting held on 25 April 2017.

Mr Tan has more than 25 years of experience in the oil and gas industry. He joined PPL Shipyard Pte Ltd in 1988, was its Finance Director from 1995 to 2012 and was responsible for its accounting, financial and treasury functions. Prior to joining the oil and gas industry, he was an auditor with Ernst & Young.

Mr Tan is a fellow of the Association of Chartered Certified Accountants of the United Kingdom, a fellow of the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors.

BOARD  
OF DIRECTORS

6



5



7



**WONG MENG YENG**

Lead Independent Director

Mr Wong, 59, was first appointed to the Board on 3 June 2010 and was last re-elected at the Company's Annual General Meeting held on 22 April 2016. As an Independent Director, Mr Wong chairs the Nominating Committee and is also a member of the Audit Committee. He was appointed as Lead Independent Director of the Company on 1 January 2014.

Mr Wong has been an advocate and solicitor in Singapore since 1984 and practices corporate commercial law. He is currently a director of Alliance LLC, a law firm in Singapore, since 2001. He is also an independent director of Multi-Chem Limited and Keong Hong Holdings Limited. Mr Wong was previously an independent director of KS Energy Limited.

Mr Wong holds a Bachelor of Laws (Honours) Degree from the National University of Singapore and is a member of the Singapore Institute of Directors.

**HAN SAH HEOK VICKY**

Independent Director

Ms Han, 57, was first appointed to the Board on 1 December 2013 and was last re-elected as Director at the Company's Annual General Meeting on 25 April 2017. She is an Independent Director and the Chairman of Remuneration Committee, and is also a member of the Audit and Nominating Committees.

Ms Han is currently a director of BA Contracts Pte Ltd, a company that is principally engaged as a wholesaler, importer and exporter of various building materials and as a subcontractor in the building and construction industry.

Ms Han holds a Bachelor of Accountancy degree from the National University of Singapore and she has worked with various banking and financial institutions in Singapore, specialising in providing corporate finance services.

**ANG MIAH KHIANG**

Independent Director

Mr Ang, 64, was first appointed to the Board on 1 November 2013 and was last re-elected as Director at the Company's Annual General Meeting on 25 April 2017. He chairs the Audit Committee and is also a member of the Remuneration Committee.

Mr Ang spent the greater part of his career in the small-medium enterprise financing business, having held the position of Managing Director of GE Commercial Financing (S) Ltd (formerly known as Heller Financial (S) Ltd). He was also concurrently regional director for GE related businesses in the Asia Pacific. He is also an independent director of Soo Kee Group Ltd and PS Group Holdings Ltd. He was previously an independent director of Uni-Asia Holdings Limited, Ley Choon Group Holdings Limited and Katrina Group Ltd.

Mr Ang is a fellow of the Institute of Singapore Chartered Accountants and holds a Bachelor of Accountancy degree from the University of Singapore.



## KEY EXECUTIVES

1



2



3



4



# 1

## TAN KIANG KHERNG

Chief Financial Officer

Mr Tan, 48, joined the Group in June 2002 as Financial Controller and is currently the Chief Financial Officer. He is responsible for all financial matters of the Group, including financial reporting, strategic financial planning, treasury and internal controls. Prior to that, Mr Tan was a Senior Audit Manager with Ernst and Young, Singapore.

Mr Tan holds a Bachelor of Accountancy (Honours) degree from Nanyang Technological University, Singapore and is a member of the Institute of Singapore Chartered Accountants.

# 2

## TAN WEE LEE

Managing Director  
Baker Engineering Pte. Ltd.

Mr Tan, 48, joined the Group in October 2013 as the Managing Director of Baker Engineering Pte. Ltd. ("Baker Engineering") and is responsible for overall management and operations of Baker Engineering group. Mr Tan began his career in Keppel FELS as a Graduate Management Trainee (Electrical Superintendent) in 1995. He joined PPL Shipyard Pte Ltd ("PPL Shipyard") in 1998 as a Project Engineer and was promoted to Project Manager in 2005. During his 10 years in PPL Shipyard, he was involved in all aspects of rig construction and was Project Manager of 5 high specification jack up drilling rig projects. Prior to joining the Group, he was the General Manager of a private Chinese shipyard and was responsible for setting up a marine and offshore division. He later established an engineering and marketing subsidiary in Singapore and was the Managing Director of the Singapore entity.

Mr Tan holds a Bachelor of Engineering degree (Electrical Engineering) from Nanyang Technological University Singapore.

# 3

## ONG THIAN WHEE ALBERT

Managing Director  
Sea Deep Shipyard Pte. Ltd.

Mr Ong, 67, joined the Group in September 2006 as a Director of Sea Deep Shipyard Pte. Ltd. ("Sea Deep") and was appointed as its Managing Director on 25 March 2010. He is responsible for Sea Deep Group's overall management and operations. He also sits on the board of Sea Deep's subsidiary, Interseas Shipping (Private) Limited.

Mr Ong has extensive experience in the oil and gas industry and has built numerous valuable business relationships within the industry.

# 4

## HEATH MCINTYRE

Managing Director  
BT Investment Pte. Ltd.

Mr McIntyre, 48, joined the Group in December 2013 as the Managing Director of BT Investment Pte. Ltd. ("BT Investment") and is responsible for overall management and operations of BT Investment. Prior to joining the Group and since 2006, Mr McIntyre was Executive Director at Southern Capital Group, an independent private equity firm focused on middle-market Buyout investments in South East Asia. Prior to Southern Capital, he was at Affinity Equity Partners (formerly UBS Capital Asia Private Equity) then a large-cap private equity firm principally involved in Buyout investments in the broader Asia Pacific region.

Mr McIntyre holds a Bachelor of Commerce degree from University of Toronto and a MBA from University of Chicago, Graduate School of Business.

## OUR BUSINESS

### SEA DEEP SHIPYARD PTE. LTD.

**S**ea Deep Shipyard Pte. Ltd. ("Sea Deep"), a wholly-owned operating subsidiary of Baker Tech, was incorporated in 1996 and is a leader in the manufacturing and production of high quality steel products and components for specialised equipment, new builds, repairs, conversions and upgrades of jackup rigs and liftboats. Sea Deep and its in-house team of skilled engineers provides product customisation services to meet customers' specific requirements for specialised engineering products.





Sea Deep produces its proprietary Sea Hercules cranes which are specifically designed for both fixed and floating platforms. These user-friendly cranes offer reliability and cost effective maintenance thus earning them a proven track record and a strong presence in Asia Pacific and the Middle East.

Sea Deep is also the sole-agent for DMW Marine Group LLC for South East Asia.

The components produced by Sea Deep include racks, chords and pipes which are then assembled by Sea Deep into leg sections. As an ISO 9001 certified company, Sea Deep ensures every aspect of the production procedures is subjected to stringent quality control whilst ensuring the highest standards of health and safety.

Sea Deep's range of products and services are:

- Offshore Pedestal Cranes – Sea Hercules Kingpost Crane
- Steel Products and Components Fabrication – Rack Chords and Pinions
- Design and Engineering Services

- Ancillary Equipment – Elevating Systems, Skidding Systems, Raw Water Towers and Winches
- Mechanical Handling Equipment

Focused on innovation and efficiency, Sea Deep partakes in project management and turnkey conversions with its proprietary designs. Sea Deep is located in Singapore on a waterfront facility and has fully equipped workshops and in-house testing and training facilities.

Sea Deep and its wholly-owned subsidiary, Interseas Shipping (Private) Limited ("Interseas"), have forged long term sustainable relationships with its customers to provide a full range of services and support from manufacturing, servicing and maintenance to refurbishment and replacement support. Together, Sea Deep and Interseas continues to build upon its capabilities by improving and complementing the comprehensive suite of products and services offered.



## OUR BUSINESS

### BAKER ENGINEERING PTE. LTD.

**B**aker Engineering Pte. Ltd. ("Baker Engineering") was incorporated in May 2013 as a wholly-owned subsidiary of Baker Tech. Baker Engineering complements and adds a new dimension to Baker Tech's core business segment by designing and constructing mobile offshore units, critical equipment and components for the offshore marine industry.

In the year of review, Baker Engineering continued construction of its subsidiary's – BEL Design Pte Ltd – first Liftboat design – the BEL320-4R200S Liftboat.

The state of the art Liftboat is classed by the American Bureau of Shipping for Unrestricted Service and can work in water depths of up to 67m. The BEL320-4R200S Liftboat has four legs which supports a large hull and can be elevated from the sea to provide a stable platform from which offshore installation, construction and maintenance work may be carried out.

The construction of the Liftboat, named Blue Titanium, was completed during the year and subsequent to year end, the Group secured a time charter for Blue Titanium in Southeast Asia to be deployed during the 2nd quarter of 2018 to support rejuvenation works for oil and gas platforms for a oil company.

BEL Design continues to develop other Liftboat designs to expand its product offering to cater to the needs of the offshore oil and wind industry. Each design targets a different sub-segment in terms of operational use, water depths, environmental conditions, crane lifting capacity and personnel accommodation.

BEL Design has developed Liftboat designs with 412ft & 450ft of trussed/latticed legs; the BEL412-4T206S and the BEL450-4T206. Both designs are of the 4 legged type with electric rack and pinion jacking systems with a 300MT deck crane, installed at the aft of the Liftboat. Both designs have a variable deck load of 3,500MT and accommodation for 206 personnel.

BEL Design has also developed a design specifically for the offshore wind farms, the BEL352-4T80W Wind Turbine Installation Vessel (WTIV) with 352ft of trussed/lattice legs. The BEL352-4T80W has a variable deck load of 3,500MT and can be equipped with a 1,000MT around the leg crane. This WTIV has an accommodation for 80 personnel and can work in water depths of up to 65M.

Baker Engineering operates out of three waterfront shipyards in Singapore, each equipped with production facilities, office buildings, workshops and a warehouse. Being situated on a waterfront, Baker Engineering is able to provide its customers with an option to transport final products by sea. Baker Engineering's onsite warehouse is fully equipped with a live Enterprise Resource Planning system, fully integrated with procurement division for inventory enhanced traceability.





**CLASS 320 LIFTBOAT SPECIFICATIONS**  
Suitable for Oil and Gas and Windfarm Applications

Classification	American Bureau of Shipping Classification–SEU “Unrestricted Service”
General Dimensions	Hull Size: Size 64m x 40m Leg Length 97.5m
Design Loads	900m² Usable Deck Space with 1500MT Variable Load
Design Temperatures	-10 to +55% Degree Celsius Operating Temperature
Generators	Four sets of Cummins Main Diesel Engine Each Rated at 1700eKW
Propulsion and Positioning Systems	One retractable Forward Tunnel, One Forward Tunnel and Three Aft Azimuth Thrusters; 6 Knots Transit Speed
Lifting Equipment	300MT Huisman Crane and 38.8MT Sea Hercules Kingpost Crane
Accommodation	200 Personnel in Single, Double and 4-Man Rooms

**BT INVESTMENT PTE. LTD.**

**B**T Investment Pte. Ltd. (“BT Investment”) was incorporated as a wholly-owned subsidiary of Baker Tech in 2013.

BT Investment, being an investment holding company is focused on exploring new business opportunities to increase the Group’s revenue stream and expansion of Baker Tech’s product offerings through many acquisitions and strategic alliances.

BT Investment’s wholly-owned subsidiary, BT Titanium Pte.Ltd. engages in the business of providing offshore marine logistics support services. In June 2017, BT Titanium Pte. Ltd. incorporated an indirect wholly-owned subsidiary – BT Offshore (Malaysia) Pte Ltd (“BT Offshore”). BT Offshore provides offshore marine logistics support and services.

FIVE-YEAR FINANCIAL  
HIGHLIGHTS

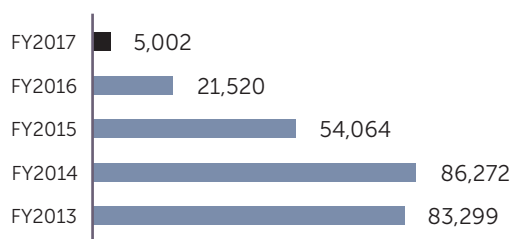
	2017	2016	2015	2014	2013
<b>Financial Performance (\$'000)</b>					
Revenue	5,002	21,520	54,064	86,272	83,299
Gross profit	2,619	5,671	15,219	22,707	23,768
Share of results from associates	—	—	—	—	(495)
Gain on disposal of associates	—	—	—	—	8,757
Pre-tax (loss) / profit	(11,283)	(9,222)	11,124	16,326	26,080
Pre-tax (loss) / profit*	(11,283)	(9,222)	11,124	16,326	17,818
(Loss) / profit after tax	(10,690)	(8,327)	9,164	13,517	22,373
<b>Financial Position (\$'000)</b>					
Total assets	208,873	224,590	246,066	236,049	256,169
Cash and short-term deposits	86,642	106,956	140,070	168,685	205,871
Net current assets	84,933	194,046	192,481	188,526	222,902
Shareholders' equity	202,514	215,667	228,913	216,901	239,843
<b>Per Share Data (cents)</b>					
Earnings per share	(5.3)	(4.1)	4.7	7.5	13.4
Diluted earnings per share	(5.3)	(4.1)	4.7	7.1	12.0
Ordinary dividend per share	—	1.25	2.50	5.00	5.00
Special dividend per share	—	—	—	—	20.00
Cash per share	42.7	52.7	69.0	91.4	118.0
Net asset per share	99.8	106.3	112.8	117.5	137.5
<b>Other Information</b>					
Return on shareholders' equity	-5%	-4%	4%	6%	9%
Return on assets	-5%	-4%	5%	7%	10%
Dividend cover	N/A	-3.3	1.9	1.5	0.5
<b>Stock Information<sup>#</sup></b>					
Number of shares on issue ('000)	202,878	202,878	202,878	184,614	174,428
Highest / lowest share price (cents)	76.0/56.0	99.5/54.5	132.5/90.5	167.5/120.0	225.0/127.5
Year-end share price (cents)	63.0	61.5	94.5	125.0	135.0
Year-end market capitalisation (\$'m)	127.8	124.7	191.7	230.8	235.5

\* Excluding share of results from associates and gains from disposal of associates

<sup>#</sup> Numbers are adjusted based on revised numbers of shares as a result of share consolidation



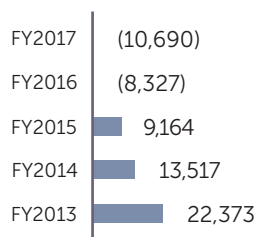
### 5-YEAR REVENUE (\$'000)



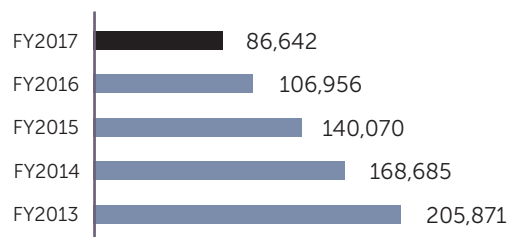
### 5-YEAR SHAREHOLDERS' EQUITY (\$'000)



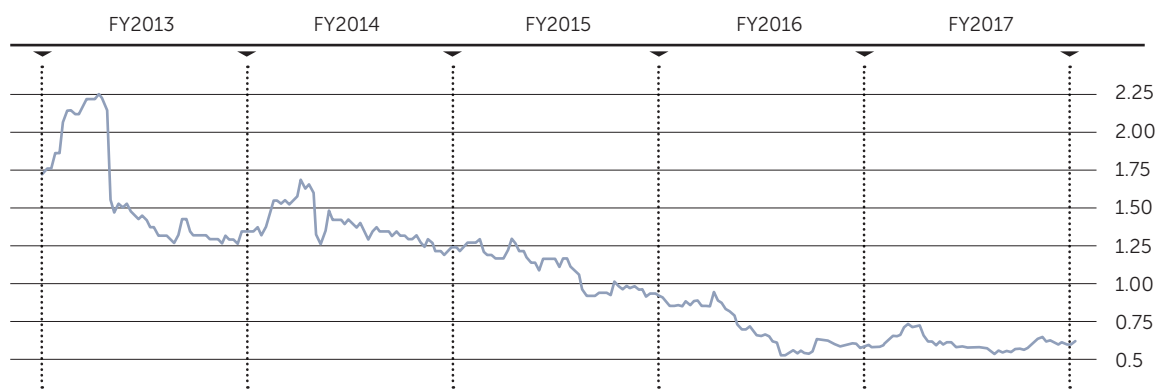
### 5-YEAR PROFIT / (LOSS) AFTER TAX (\$'000)



### 5-YEAR CASH & SHORT-TERM DEPOSITS (\$'000)



### 5 YEAR SHARE PRICE PERFORMANCE (\$)



Note: Share price adjusted for share consolidation





To stay relevant in today's evolving economy is to stay adaptable and innovative. We maintain our competitive edge by refining our business strategies and investing in R&D, leveraging on new technologies to enhance our products and services that give us the cutting edge we need to remain at the forefront of our industry.

# INNOVATION

## OPERATING REVIEW

### OVERVIEW

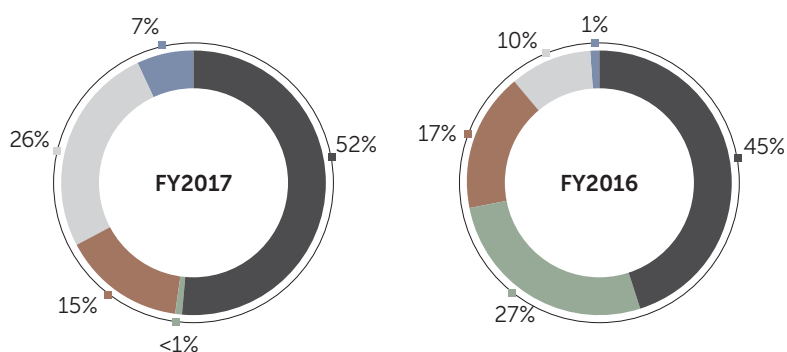
**B**aker Tech recorded a lower revenue of \$5.0 million and a net loss of \$10.7 million for FY2017 as a result of the protracted downturn in the oil and gas industry during the year.

Sales of spare parts and engineering services, primarily in the Middle East and Singapore regions, made up around 88% of Baker Tech's revenue in FY2017. However, the extended oil price downturn led to cutbacks in Exploration & Production spending, and diminished appetite for long-term major capital projects, which resulted in a sharp drop in Baker Tech's project revenue in FY2017. The Group's revenue was down 77% year on year at \$5.0 million.

### MARINE OFFSHORE

	2017 \$'000	2016 \$'000	Change %
Project revenue	598	16,109	-96%
Revenue from spare parts and engineering services	4,404	5,411	-19%
<b>Total Revenue</b>	<b>5,002</b>	<b>21,520</b>	<b>-77%</b>
<b>Net Loss</b>	<b>(10,690)</b>	<b>(8,327)</b>	<b>+28%</b>

### REVENUE BY GEOGRAPHICAL AREA



	FY2017 \$'000	FY2016 \$'000
■ Middle East	2,608	9,751
■ China	15	5,852
■ Asia Pacific (excluding China and Singapore)	764	3,624
■ Singapore	1,288	2,122
■ Others	327	171
	<b>5,002</b>	<b>21,520</b>



# FINANCIAL REVIEW

## INCOME STATEMENT

	2017 \$'000	2016 \$'000	Change %
<b>Revenue</b>	<b>5,002</b>	21,520	-77%
Cost of goods sold	(2,383)	(15,849)	-85%
<b>Gross profit</b>	<b>2,619</b>	5,671	-54%
Other operating income	713	2,425	-71%
Foreign exchange (loss) / gain	(4,039)	1,183	NM
Impairment of goodwill	—	(7,551)	-100%
Administrative expenses	(10,576)	(10,950)	-3%
<b>Loss before tax</b>	<b>(11,283)</b>	(9,222)	+22%
Income tax credit	593	895	-34%
<b>Loss after tax</b>	<b>(10,690)</b>	(8,327)	+28%
<b>Gross profit margin</b>	<b>52%</b>	26%	

\* NM denotes Not Meaningful

While the Group's revenue fell 77% in FY2017 at \$5.0 million, gross profit margin was up at 52% in FY2017 from 26% a year ago, supported mainly by write-back of expired warranty provision during the year.

Baker Tech recorded a foreign exchange loss of \$4.0 million in FY2017 as compared to a foreign exchange gain of \$1.2 million

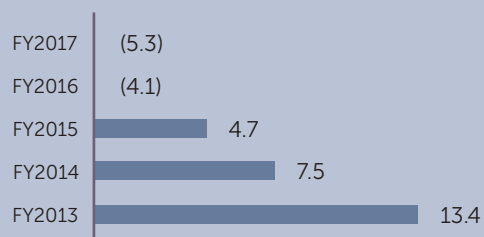
in FY2016, due primarily to the weakening of the US dollar against the Singapore dollar.

During FY2016, the Group recorded an impairment loss of \$7.6 million on goodwill in a subsidiary in view of the weakness of the industry. Similarly, the Group recognised a one-off compensation income from a supplier for defective materials in 2Q2016. These events were absent in 2017.

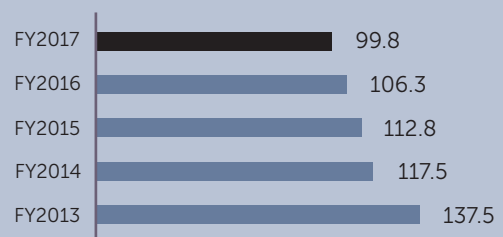
With the decrease in revenue and the foreign exchange losses, Baker Tech reported a pre-tax loss of \$11.3 million in FY2017. Net loss was at \$10.7 million after a tax credit of \$0.6 million primarily from the write-back of excess tax provision from prior years.

# FINANCIAL REVIEW

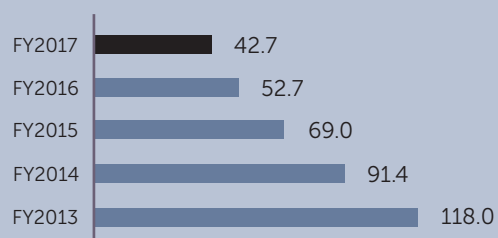
## EARNINGS PER SHARE (CENTS)



## NET ASSET PER SHARE (CENTS)



## CASH PER SHARE (CENTS)



## FINANCIAL POSITION

## BALANCE SHEETS

	2017 \$'000	2016 \$'000	Change %
<i>Non-current assets</i>			
Property, plant and equipment	113,410	16,461	+589%
Intangible assets	1,810	2,050	-12%
Investment securities	2,388	3,317	-28%
Deferred tax assets	17	248	-93%
	117,625	22,076	+433%
Current assets	91,248	202,514	-55%
Current liabilities	(6,315)	(8,468)	-25%
Net current assets	84,933	194,046	-56%
Non-current liability – deferred tax liabilities	44	455	-90%
<b>Net assets</b>	<b>202,514</b>	<b>215,667</b>	<b>-6%</b>
Share capital	108,788	108,788	–
Reserves	93,726	106,879	-12%
<b>Shareholders' equity</b>	<b>202,514</b>	<b>215,667</b>	<b>-6%</b>

\* NM denotes Not Meaningful

The Group's non-current assets increased five-folds to \$117.6 million as at 31 December 2017 from \$22.1 million as at 31 December 2016, as a result of the increase in property, plant and equipment in view of the completion and capitalisation of the liftboat. Correspondingly, net current assets decreased by 56% to \$84.9 million.

Shareholders' equity decreased to \$202.5 million as at 31 December 2017 from \$215.7 million as at 31 December 2016, attributable mainly to the net loss and the payment of dividends to shareholders during the year. Baker Tech's net asset value per share reduced to 99.8 cents at the end of 2017 from 106.3 cents at the end of 2016.

The Group has recently secured a time charter for Blue Titanium, to be deployed in Southeast Asia in the later part of 2Q2018 to support rejuvenation works for oil and gas platforms for a national oil company.

# FINANCIAL REVIEW

## CASH FLOWS

	2017 \$'000	2016 \$'000	Change %
Cash used in operating activities	(16,363)	(30,223)	-46%
Cash from investing activities	1,986	1,296	+53%
Cash used in financing activities	(2,536)	(5,072)	-50%
Net decrease in cash and cash equivalents	(16,913)	(33,999)	-50%
Effect of exchange rate changes on cash and cash equivalents	(3,401)	885	NM
Cash & cash equivalents at beginning of year	106,956	140,070	-24%
Cash & cash equivalents at end of year	86,642	106,956	-19%

\* NM denotes Not Meaningful

The Group reported a negative cash flow from operating activities in 2017 predominantly due to higher working capital requirements, especially for the construction of the liftboat.

In 2017, positive cash flow from investing activities was at \$2.0 million by virtue of the maturities of investment securities (\$3.0 million). Baker Tech has incurred lower capital expenditure at \$0.7 million in FY2017 as compared to \$2.0 million in 2016.

Cash used in financing activities of \$2.5 million in 2017 was for the payment of dividend to

shareholders at 1.25 cents per share. For FY2016, the Group paid dividend to shareholders at 2.5 cents per share.

The Group's cash position remains strong at \$86.6 million as at the end of 2017, or at 42.7 cents per share.



## GROUP QUARTERLY RESULTS

	Q1 \$'000	Q2 \$'000	Q3 \$'000	Q4 \$'000	Full Year \$'000
<b>Revenue</b>					
2017	1,001	1,421	826	1,754	5,002
2016	5,966	8,125	5,026	2,403	21,520
<b>Gross Profit / (loss)</b>					
2017	1,561	594	(77)	541	2,619
2016	2,361	1,555	133	1,622	5,671
<b>Net (loss) / profit</b>					
2017	(1,938)	(2,060)	(3,530)	(3,162)	(10,690)
2016	(2,757)	371	(1,483)	(4,458)	(8,327)
<b>Net (loss) / profit*</b>					
2017	(245)	(1,474)	(2,681)	(2,251)	(6,651)
2016	(163)	439	(2,165)	(7,621)	(9,510)
<b>Gross profit margin</b>					
2017	156%	41%	-9%	31%	52%
2016	40%	19%	3%	67%	26%

\* Excluding foreign exchange gain / losses

Quarterly revenue has generally been lower throughout 2017 as compared to 2016, dampened by weaker demand stemmed from uncertainties in the global oil and gas industry.

As a result, the Group reported net losses for all quarters in 2017. For 2016, the Group also reported net loss for all quarters with the exception of 2Q2016 where the Group recorded a one-off

compensation income from a supplier for defective materials. Net loss (excluding foreign exchange gain / losses) increased to \$7.6 million for 4Q2016 mainly due to the recognition of impairment loss on goodwill in a subsidiary.

Gross profit margins varied depending on the product mix and stages of construction for the projects being undertaken during the various quarters. However, overall gross profit margin was

higher in 2017 due to write-back of expired warranty provision.

Although the US dollar has appreciated against Singapore dollars by approximately 2.3% for FY2016 and depreciated against Singapore dollars by approximately 8% for FY2017, the quarter-to-quarter foreign exchange movements had been very volatile. As a result, quarterly net results fluctuate significantly.

## FIVE-YEAR PERFORMANCE REVIEW

### 5-YEAR PERFORMANCE

	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000	2013 \$'000
Revenue	5,002	21,520	54,064	86,272	83,299
Gross profit	2,619	5,671	15,219	22,707	23,768
Pre-tax (loss) / profit	(11,283)	(9,222)	11,124	16,326	26,080
Pre-tax (loss) / profit*	(11,283)	(9,222)	11,124	16,326	17,818
Net (loss) / profit	(10,690)	(8,327)	9,164	13,517	22,373
Shareholders' equity	202,514	215,667	228,913	216,901	239,843
Cash and short-term deposits	86,642	106,956	140,070	168,685	205,871
Earnings per share (cents)**	(5.3)	(4.1)	4.7	7.5	13.4
Diluted earnings per share (cents)**	(5.3)	(4.1)	4.7	7.1	12.0
Cash per share (cents)**	42.7	52.7	69.0	91.4	118.0

\* Excluding share of results from associates and gains from disposal of associates

\*\* Numbers are adjusted based on the revised numbers of shares as a result of share consolidation in May 2016

#### 2013

With the gain of \$8.8 million from the disposal of its associate, Discovery Offshore S.A., the Group saw greater profitability in 2013. With the exclusion of the investment gain, the Group's pre-tax profit improved to \$17.8 million for 2013 from \$15.1 million in 2012.

Despite paying out a record dividend of \$87.2 million to shareholders for financial year 2012, the Group's cash position

remained strong at \$205.9 million at December 2013 or 118.0 cents per share. This was attributable to proceeds from the conversion of warrants and positive cash inflows from operations.

#### 2014

In 2014, the Group witnessed its revenue increasing 4% year-on-year. The Group's pre-tax profit of \$16.3 million for FY2014 was a slight decline compared to the pre-tax profit (excluding investment gain) of \$17.8 million recorded for FY2013.

With higher administrative expenses due to new operating subsidiaries, the Group incurred an additional administrative expense of \$3.2 million in FY2014. However, this increase was offset by higher exchange gain and lower taxation charge for the year.

#### 2015

With oil prices declining since the second half of 2014, demand has taken a substantial hit causing revenue to decline by 37% to \$54.1 million. Correspondingly, pre-tax profit also reduced by 32% to \$11.1 million for FY2015.

## 2016

Uncertainties and weak sentiment continue to weigh on the oil and gas industry in 2016. Revenue decreased 60% to \$21.5 million. With the persistent weakness in the industry, the Group recorded an impairment loss of \$7.6 million on the goodwill in a subsidiary. As a result, the Group reported a net loss of \$8.3 million for the year.

In May 2016, the Group completed a share consolidation exercise during which every five existing issued ordinary shares in the capital of the Company were consolidated into one ordinary share.

## 2017

Pressured by the protracted downturn in the sector, revenue further decreased by 77% to \$5.0 million. Coupled with a foreign exchange loss of \$4.0 million arising from the weakening of US dollars against the Singapore dollars, the Group's net loss for FY2017 widened to \$10.7 million. The construction of the liftboat was completed and subsequent to year end, the

Group secured a time charter for this liftboat, to be deployed in Southeast Asia in the later part of 2Q2018 to support rejuvenation works for oil and gas platforms for a national oil company.

The Group's cash position remained healthy at \$86.6 million or 42.7 cents per share.





# RESPECT

**W**e believe in the fundamental principle of treating others with respect. Be it working with external business partners, engaging internal staff or giving back to our community, we recognise the value of how positive experiences will beget positive value.





# SUSTAINABILITY

## OVERVIEW

For the second consecutive year, Baker Tech has incorporated a sustainability report in line with SGX's sustainability reporting requirements. The report features the environmental, social and governance ("ESG") factors, approaches and practices of the Group and identification of more material topics and disclosure of performance indicators. While we have established a target to measure our workplace safety performance, we have yet to set other specific targets for financial year 2018.

Our general sustainability direction is set out by our Board of Directors, in consideration of the concerns of key stakeholders, which comprise

our employees, shareholders and investors, suppliers, customers, the community and environment.

As a leading provider of specialised equipment and services to the oil and gas industry, we understand the interdependence between sustainable development and commercial success. We are mindful of the social and environmental impacts that are critical to our business and to our stakeholders and will continue to make progress in our

overall mission to create a more sustainable and equitable future.

Baker Tech references the Global Reporting Initiatives ("GRI") Core Reporting Option as issued by the Global Sustainability Standards Board ("GSSB"). The GRI Content Index is found on pages 48 to 49.

The following section covers the financial year from 1 January 2017 to 31 December 2017 and is not subjected to any external assurance.

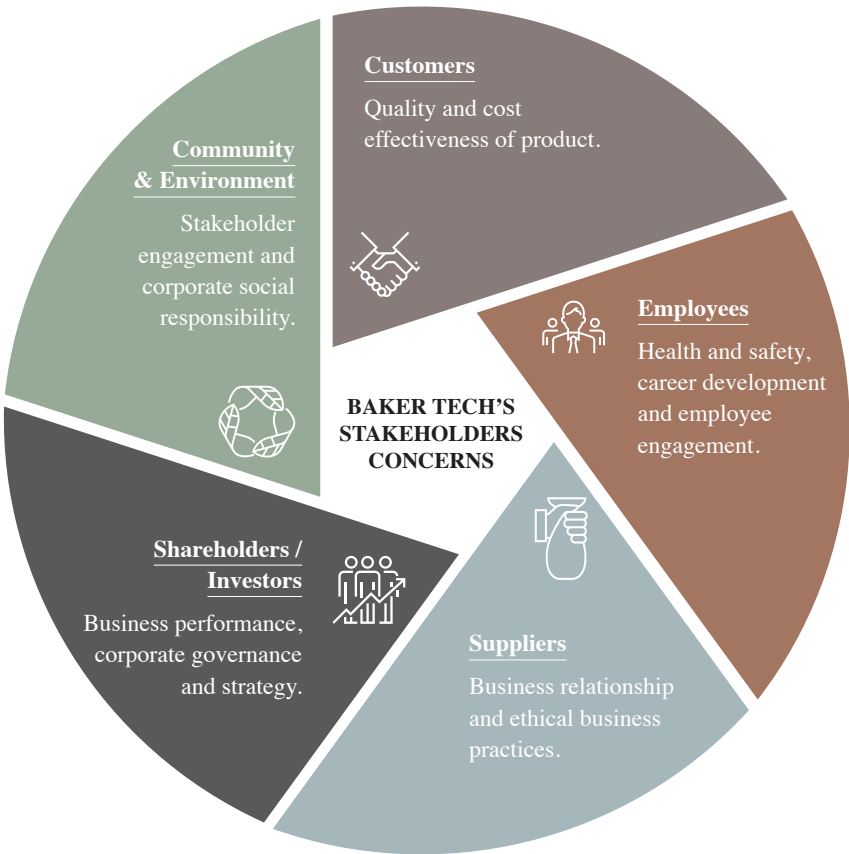


BAKER TECH'S STAKEHOLDERS CONCERNS

STAKEHOLDER  
ENGAGEMENT

At Baker Tech, we understand that sustainable business can only be achieved by ongoing stakeholder engagement as a core component of our business and sustainability strategies.

By offering reliability, ensuring customer satisfaction, being a prospective employer of choice and paying close attention to the environment and community which we operate in, we will deliver sustainable value to our stakeholders.



Stakeholders	Method and Frequency of Engagement	Baker Tech's Commitment
Customers	<ul style="list-style-type: none"><li>Feedback channels such as email communication, phone call and teleconference</li><li>Meeting</li></ul>	We strive to offer reliability, prompt delivery and quality customisation to fulfil our customers' requirement and maximise satisfaction.
Employees	<ul style="list-style-type: none"><li>Regular staff memo or email</li><li>Weekly or monthly staff meeting</li><li>Training</li></ul>	We support our employees through clear policies, learning and development opportunities, whilst creating a safe, healthy and respectful working environment.
Suppliers	<ul style="list-style-type: none"><li>Perform assessment and continuous monitoring of key suppliers/contractors</li><li>Regular meetings, emails, teleconference</li></ul>	We establish mutual trust and understanding in order to achieve strong rapport and long-standing relationship with our suppliers, contractors and sub-contractors.
Shareholders / Investors	<ul style="list-style-type: none"><li>Annual Report</li><li>AGM</li><li>SGX announcements</li></ul>	We aim to ensure timely and accurate disclosure of the Group's business developments to the shareholders, the investment and financial community.
Community and Environment	<ul style="list-style-type: none"><li>Meetings</li><li>Community outreach initiatives</li></ul>	We practice good corporate citizenship values by continuing our support to various not-for-profit charitable causes and other organisations.

# SUSTAINABILITY

## MATERIALITY ASSESSMENT

Our management, with the assistance of the Board has provided resources to manage the governance of sustainability within Baker Tech.

In 2017, the Group conducted a review of material sustainability topics and guided by the Group’s priorities and objectives as well as key factors impacting external stakeholders, a shortlist of potential topics was identified.

Upon further evaluation, we arrived at our list of three defined material topics and their impact boundaries that



would substantively influence stakeholders’ perceptions and decisions:



Material Topics	GRI Standards of Disclosure	Impact Boundary
ENVIRONMENTAL		
Legal and regulatory compliance	Environmental compliance	Corporate office and operation
SOCIAL		
Occupational health and safety	Occupational health and safety	All employees
GOVERNANCE		
Ethics and anti-corruption	Anti-corruption	Corporate office and operation



OUR ENVIRONMENT

At Baker Tech, we strive to ensure compliance to environmental regulations and the provision of adequate resource allocation for the maintenance of environmental quality wherever we operate.

One of the Group's subsidiary – Baker Engineering, holds the ISO 14001 environmental certification, which sets out the criteria for an effective environmental management system that monitors and controls environmental issues in a holistic manner.

Due to the nature of our business, some of our daily processes, require the use of hazardous materials such as paint, chemicals and flammable material. We also generate scrap material in the form of scrap steel and wooden pallets. We have risk assessments and procedures in place for the identification, handling and disposal of both hazardous and non-hazardous material.

Authorised third party disposal companies are appointed to remove hazardous materials which are stored in specially appointed containers. Scrap material which can be reused are also set aside for future use.

Although we have not identified paper, electricity and water consumption as material topics this year, the Group ensures that environmental considerations are embedded in our business decisions and processes.

Consumption of paper, plastic, Styrofoam or any form of disposable utensils are kept to a minimum, with emphasis given to paperless internal communication and use of non-disposable utensils. Air conditioning units are regularly serviced and typically

set to an optimum temperature, programmed to switch off automatically after working hours. The use of LED lightings and energy saving appliances in the offices has also helped improve our energy efficiency. Rain water is harvested and reused to water indoor and outdoor potted plants. Additional tips on how to conserve water and electricity in the office are also communicated to staff through notice board posters and internal memos.

We are mindful of our impact to the environment and practise adherence of relevant environmental regulations. Baker Tech has not been made aware of any major non-compliance with environmental laws and/or regulations or had any major breaches.





## SUSTAINABILITY

### OUR PEOPLE

Our company has grown by bringing people together, thus creating a passionate community of colleagues with a variety of experiences, perspectives and backgrounds.

Human resource policies govern our daily operating procedures to promote a safe and healthy working environment, fair employment practices, learning and development, staff retention and opportunities to grow and retain talent.

Baker Tech observes a non-discriminatory hiring policy, where candidates are assessed primarily on their ability to perform on the job and his/her personality fit into the company's culture. We do not discriminate against any particular group of people, and we hire the right number of staff according to the needs of the business.

The Group adopts a five-day working week to encourage a healthy work-life balance. We also place utmost importance on employee well-being and invest in a comprehensive healthcare support system where employees are entitled to healthcare insurance and both medical and dental benefits.

We are committed to ensure that the welfare of our foreign workers is not compromised. Apart from providing transportation to ferry the workers to and from work, all our



foreign workers are housed in clean and well-maintained dormitories equipped with a variety of recreational facilities and amenities. Regular site visits to the dormitories are carried out by the Human Resource team together with the Health and Safety team to ensure they maintain clean, comfortable and safe living conditions.

As a shipyard with common contractors, our Group is committed to ensure that our common contractors adhere to Ministry of Manpower guidelines for the employment of foreign workers. We regularly audit our common contractors and maintain open lines of communication with contractor workers.

At Baker Tech, we support cultural diversity and inclusion. We hosted an annual Christmas party in December 2017 which saw participation from all staff, regardless of race or religion. The Group also organises lunches for its

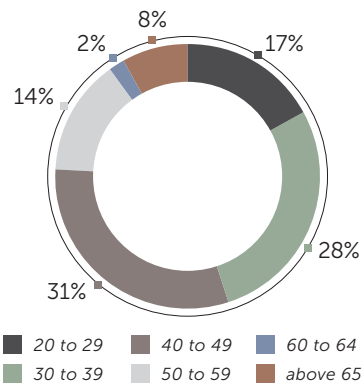
employees including the workers to celebrate various religious festivals.

At the core of our business strategy is our commitment to enable employees to be the best they can be. In order to remain competitive in the market, we recognise the need to continually upskill our workforce. Employees are encouraged to attend both internal and external training, which will enable them to accept bigger challenges and advance through the ranks.

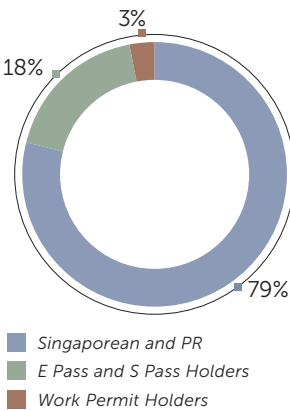
High standards of workplace safety and health is a key factors in capturing the trust and confidence of the Group's employees and other stakeholders.

The operating subsidiaries (Sea Deep, Interseas and Baker Engineering) have attained OHSAS 18001 certification and undergo annual audits as part of the certification requirements as well as company policy. In addition, Sea Deep and Interseas

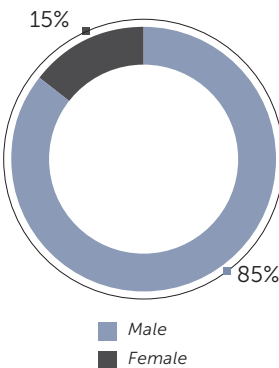
EMPLOYEE DEMOGRAPHICS



RESIDENCY STATUS\*



GENDER\*



\* - Excluding Non-traditional source workers

are bizSAFE Level 3 certified while Baker Engineering is a bizSAFE Star Enterprise and was awarded the prestigious bizSAFE Enterprise Exemplary Award 2018 at the bizSAFE Convention organised by Workplace Safety and Health Council.

Safety awareness starts with all new hires who are required to attend a compulsory safety induction programme during which workplace hazards and at-risk areas are highlighted and the Group's OHSAS procedures are outlined. New employees are also issued with personal protective equipment including safety boots, helmets, goggles and ear plugs. All regulatory training, in addition to all medical examinations required under the Workplace Safety and Health Act, are carried out by external providers where necessary.

From a supply chain perspective, all suppliers, contractors and subcontractors are required to abide by relevant laws and

regulations in addition to company safety policy and procedures.

New suppliers, contractors and subcontractors are screened to ensure they fulfil the health and safety certifications, practices and labour considerations.

Safety induction training is also provided onsite for any contractors and subcontractors required to work in our yards prior to commencing work. Safe work procedures and risk assessments are also required to be in place prior to the start of a project and are regularly reviewed at various stages of the project.

To reinforce workplace safety and health practices, regular Workplace Safety Health and Environment ("WSHE") promotions are conducted during the course of the year including two successful customised safety programmes – a "Project Safety Award" and a "Hand Safety Campaign" where participation from all employees



SUSTAINABILITY

OUR PEOPLE



(including supervisory staff, general workers), contractors and sub-contractors were highly encouraged. The safety programmes included elements of continual education, refresher courses, quizzes and practical demonstrations on workplace health, safety and environment topics to serve as a reminder of good workplace health and safety practices and behaviour and to promote ownership of WSHE responsibility. Employees, contractors and subcontractors are also encouraged to highlight areas of good safety performance and areas of improvements. Incentives are presented to employees, contractors and subcontractors who demonstrate outstanding safety awareness and performance.

As a constant reminder of safety precautions and practices, the WSHE committee places advisory messages and signboards strategically around the workplace. Morning tool box meetings are

held to evaluate all at-risk working areas and to raise or discuss any safety related incidents and case studies and short falls of its current practices. Emergency drills with various scenarios including fire and rescue are also conducted periodically by the WSHE committee. This is done to reinforce the emergency readiness of our employees and to prepare them for any potential hazardous incidents such as fires or gas leaks.

The Group has implemented health emergency protocols to safeguard its employees, contractors and subcontractors during national crises and communicable diseases including strict haze management guidelines in line with the Tripartite Advisory on haze related workplace measures and quarantine procedures. Under our haze management guidelines, employees are instructed on the protocol to be adopted under various 24-hour PSI scenarios and protective equipment including N95 respirators are issued to all outdoor employees and made readily available to all other employees. Proper site housekeeping, regular site inspection and frequent pest control (including fumigation and larvaciding) is carried out to identify and eliminate mosquito and vermin breeding grounds.

Our workplace safety and health processes and compliance programmes for the Group and subsidiaries, goes through a stringent review yearly to ensure the safety and well-being of our employees.

We assess our personal workplace safety performance by examining reportable injuries:

REPORTABLE INJURIES

Safety Measurement	2017 Actual (per 1 million man-hours)	2018 Target (per 1 million man-hours)
Accident frequency rate (annual incidents involving first aid)	1.5	<1.8
Accident severity rate (annual incidents involving treatment beyond first aid)	31.4	<60

## GOVERNANCE

**B**aker Tech is dedicated to maintaining a strong foundation and a high standard of corporate governance. We understand that a sound and effective governance is a critical contributor to the Group's continued success and stability. This in turn helps to protect shareholders' interests and deliver long-term value and returns.

In 2017, Baker Tech was awarded the Investors' Choice Transparency Award for commendable standards in disclosure and transparency by a small medium enterprise, from the Securities Investors Association Singapore (SIAS) at the 8th Singapore Corporate Governance Week. This is in addition to the Singapore Corporate Awards (SCA) Best Managed Board Gold and Silver awards won in 2010, 2011 and 2014.

Baker Tech has documented policies and work procedures which incorporate internal controls to ensure that adequate checks and balances are in place. Periodic audits are also conducted to evaluate efficacy of these internal controls. All marketing and sales commission to agents are regularly scrutinised by the Board.

## BAKER TECH IS DEDICATED TO MAINTAINING A STRONG FOUNDATION AND A HIGH STANDARD OF CORPORATE GOVERNANCE.

The Group adheres to a code of conduct which covers issues such as work ethics and discipline, corporate gifting, conflict of interest, confidentiality, insiders trading, whistle-blowing and corruption. The detailed policies and guidelines are published in the Group's employee handbook. Employees are required to submit an annual declaration of compliance to those policies.

The global nature and scale of the oil and gas sector and the complexity of the working and contractual relationships with partners, suppliers and other contractors brings compliance with anti-bribery and anti-corruption regulations to the forefront, requiring significant management focus.

The recent spate of high profile corruption scandals serves as a reminder for us to remain vigilant. The Group's zero tolerance policy towards bribery and corruption aims to protect our brand, employees, business associates and stakeholders from the risks associated with such activity.

In 2017, there were no incidents of corruption and no instances of whistle-blowing.





## SUSTAINABILITY

### GIVING BACK TO SOCIETY

In today's increasingly interconnected world, good corporate citizenship matters more than before. Baker Tech has consistently demonstrated our commitment to improve the well-being and development of the community and environment in which we operate.

Over the years, we have worked with various community and charity organisations and participated in a wide spectrum of social development projects by providing support through either staff volunteerism or cash donations.

With these initiatives, we hope to cultivate a sense of giving and sharing in the younger generation, boost morale and even create life-changing experiences and a cycle of caring for one another that benefits everyone.

#### FOOD DISTRIBUTION DRIVE

At Baker Tech, we aim to instil the culture of volunteerism and to engage and inspire our employees and their families to pay it forward and do their part for charity.

The company partnered with Apex Club of Bukit Timah to pack and distribute food rations to the elderly and the less fortunate living



around Red Hill and Queenstown. Volunteers also took this opportunity to chat and mingle with the residents.

#### BACK-TO-SCHOOL SHOPPING INITIATIVE

As children advance in their grades, the costs to outfit them with what they need to succeed rise exponentially.

With this in mind, Baker Tech teamed up with the South West Community Development Council ("SWCDC") to host a back-to-school shopping drive to help ease the cost burden for families in need. SWCDC have identified underprivileged students from low income homes living in the south western part of Singapore, and along with other partners, coordinated a Christmas party for these children.

As part of this initiative, the Company contributed shopping vouchers for these children to purchase school books and stationary items for the upcoming school year.

#### SINGAPORE CORPORATE GOVERNANCE WEEK

Baker Tech continues to participate and contribute towards the Singapore Corporate Governance week, as we remain committed to managing our affairs in line with the highest principles of business ethics and corporate governance requirements.



INVESTOR RELATIONS

At Baker Tech, our Investor Relations (“IR”) practices are designed to facilitate effective communication and continued engagement, built on good rapport and long-term relationship, as we stay committed to deliver sustainable value for its stakeholders.

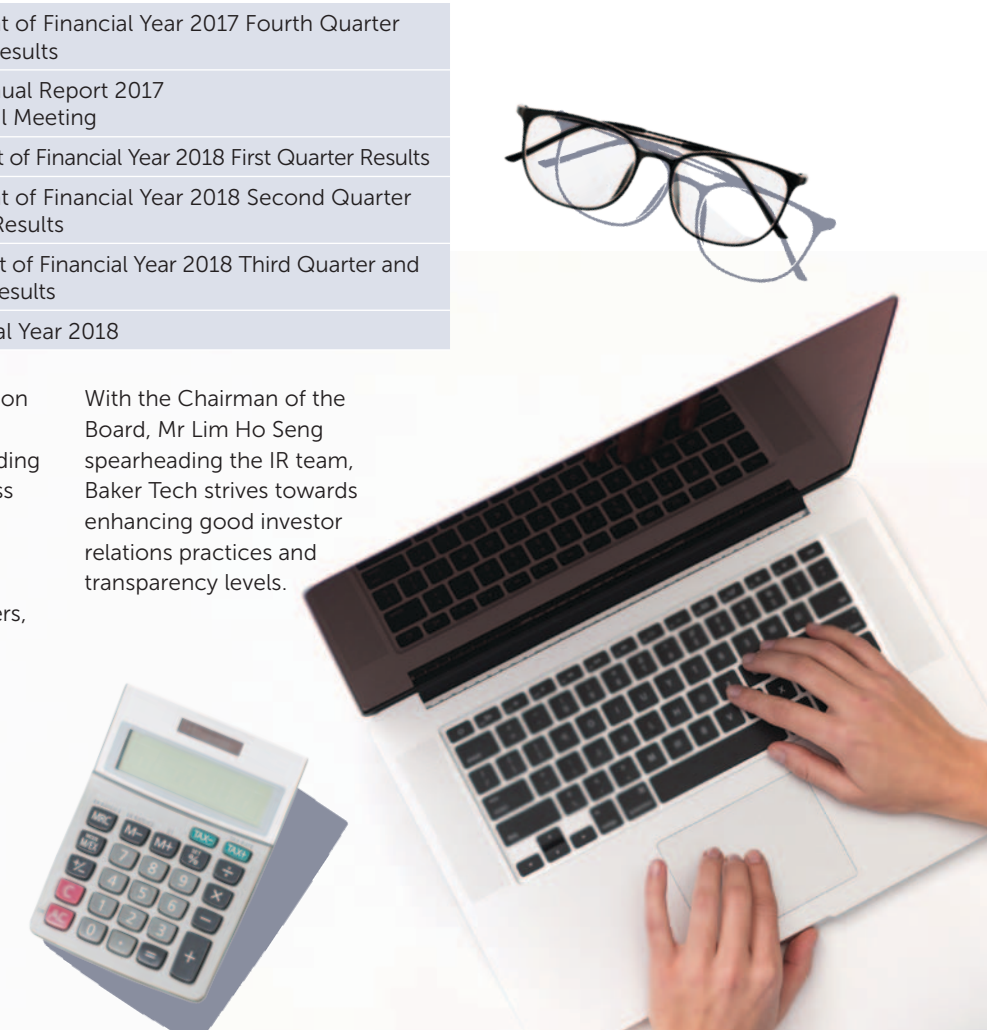


FINANCIAL CALENDAR FOR 2017 AND 2018

February	Announcement of Financial Year 2017 Fourth Quarter and Full Year Results
April	Release of Annual Report 2017 Annual General Meeting
May	Announcement of Financial Year 2018 First Quarter Results
July	Announcement of Financial Year 2018 Second Quarter and Half Year Results
October	Announcement of Financial Year 2018 Third Quarter and Nine Months Results
31 December	End of Financial Year 2018

Through multiple communication platforms, the IR team aims to raise awareness and understanding of the Group’s strategy, business developments and financial performance, while ensuring timely and accurate disclosure to the stakeholders, shareholders, the investment and financial community.

With the Chairman of the Board, Mr Lim Ho Seng spearheading the IR team, Baker Tech strives towards enhancing good investor relations practices and transparency levels.



## SUSTAINABILITY

### RISK MANAGEMENT

As a listed company, Baker Tech is committed to safeguarding stakeholders' interests, and the Group's assets and to deliver sustainable value to shareholders. Risk management is an integral part of strategic, operation and financial decision-making processes at all levels of the Group. In an evolving economic and industrial landscape of uncertainties, the Group acknowledges the importance of identifying and addressing these risks.

The Group has in place an enterprise risk management framework to effectively mitigate and minimise significant exposures to industry-related, financial and operational risks – to ensure overall health of the Group's activities and businesses.

The framework and implementation actions are regularly assessed and evaluated by the Board to ensure alignment with the Group's strategic objectives and consistency with the Group's risk appetite.

#### INDUSTRY-RELATED RISKS

In 2017, worldwide economic growth and geopolitical upheavals led to improved demand and recovery in oil prices, amidst output cuts. Brent crude oil prices ended 2017 around US\$65/bbl, its highest since 2015.



As a manufacturer and provider of specialised equipment and services for the oil and gas industry, the Group is exposed to any changes in market dynamics. The protracted downturn in the oil and gas industry since 2014, resulted in projects being deferred or cancelled and diminished appetite for long-term major capital projects. As such, Baker Tech adopts strategic objectives to mitigate operational risks by cautiously reducing our cost base and curtail discretionary expenditure.

With the advantage of an efficient management and a sound balance sheet, the Group continue to pursue opportunities for a diversified revenue stream.

#### OPERATIONAL RISK

Operational risks are particularly inherent in the manufacture of heavy and oversized offshore engineering equipment. Accordingly, the Group has put in place measures that allow for pre-emptive identification of areas of potential exposure which can be addressed to minimise adverse impact to the Group.

Our operations entail high risk activities such as hot works, work-at-height and confined space activities and major lifting operations. Regular training, toolbox and safety meetings, safety promotions as well as site walkabouts are carried out by the safety committee, in order to

**THE GROUP HAS  
IN PLACE AN  
ENTERPRISE RISK  
MANAGEMENT  
FRAMEWORK  
TO EFFECTIVELY  
MITIGATE  
AND MINIMISE  
SIGNIFICANT  
EXPOSURES TO  
INDUSTRY-RELATED,  
FINANCIAL AND  
OPERATIONAL  
RISKS – TO ENSURE  
OVERALL HEALTH  
OF THE GROUP'S  
ACTIVITIES AND  
BUSINESSES.**

continuity plan and response measures for any disruption of business operations to ensure preparedness and cooperation during emergencies. The Group also has alternative sites for operations to minimise downtime.

#### **FINANCIAL RISKS**

The oil and gas industry is cyclical in nature which poses challenges for companies in this sector. Having sufficient liquidity and a robust balance sheet has allowed the Group to weather the effects of the industry's volatility. However, the Board and senior management review the Group's strategy and finances regularly to ensure continued liquidity while identifying market opportunities for new avenues of growth.

In order to ensure financial discipline, the Group adopts a policy of collecting payment before delivery or an up-front collection of non-refundable deposits, while closely reviewing outstanding debts and debtors.

Like any global operations, the Group's activities are susceptible to foreign currency fluctuations, primarily in U.S. dollar and Euro. Such risks are either hedged naturally by a sale or purchase of a matching asset or liability of the same currency and amount or, where possible, the Group undertakes spot conversion of excess foreign currencies to Singapore dollar.

cultivate safe working mind sets and habits and raise awareness of the OHSAS 18001 certified in-house safety procedures and policies.

All operational employees of the Group are required to undergo internal safety briefings, external competency training, orientation programmes and fire evacuation drills to ensure preparedness and cooperation during emergencies.

Disruption of business activities can also occur on a larger scale such as an epidemic outbreak, flood, fire or explosions that can have an adverse impact to our operations. In this regard, the Group has in place, a business



# SUSTAINABILITY

## GRI CONTENT INDEX

Disclosure Number	Disclosure Title	Reference/Comments
<b>GENERAL DISCLOSURES</b>		
<b>ORGANISATION PROFILE</b>		
102-1	Name of organisation	Cover Page
102-2	Activities, brands, products, and services	Page 6 - Corporate Structure Page 18 - Our Business
102-3	Location of headquarters	Page 7 - Corporate Information
102-4	Location of operations	Our operations are essentially conducted in Singapore
102-5	Ownership and legal form	Page 129 - Analysis of Shareholdings
102-6	Markets served	Page 26 - Operating Review
102-7	Scale of organisation	Page 26 - Operating Review Page 27 - Financial Review
102-8	Information on employees and other workers	Page 40 - Our People
102-9	Supply chain	Page 40 - Our People
102-10	Significant changes to the organisation and its supply chain	There were no significant changes during the year of review
102-11	Precautionary Principle or approach	Page 46 - Risk Management
102-12	External initiatives	Page 44 - Giving Back to Society
102-13	Membership of associations	Page 18 - Our Business
<b>STRATEGY</b>		
102-14	Statement from senior decision-maker	Page 10 - Chairman Statement
<b>ETHICS AND INTEGRITY</b>		
102-16	Values, principles, standards, and norms of behaviour	Page 36 - Overview
<b>GOVERNANCE</b>		
102-18	Governance structure	Page 50 - Corporate Governance Report
<b>STAKEHOLDER ENGAGEMENT</b>		
102-40	List of stakeholder group	Page 37 - Stakeholder Engagement
102-41	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements
102-42	Identifying and selecting stakeholders	Page 37 - Stakeholder Engagement
102-43	Approach to stakeholder engagement	Page 37 - Stakeholder Engagement
102-44	Key topics and concerns raised	Our processes and procedures are subjected to regular reviews



Disclosure Number	Disclosure Title	Reference/Comments
<b>GENERAL DISCLOSURES</b>		
<b>REPORTING PRACTICE</b>		
102-45	Entities included in the consolidated financial statements	Page 112 - Notes to the Financial Statements
102-46	Defining report content and topic boundaries	Page 38 - Materiality Assessment
102-47	List of material topics	Page 38 - Materiality Assessment
102-48	Restatements of information	No restatement
102-49	Changes in reporting	Disclosure of additional material topics
102-50	Reporting period	1 January 2017 to 31 December 2017
102-51	Date of most recent report	This is the 2nd report prepared by the Company
102-52	Reporting cycle	Annually
102-53	Contact point for questions regarding the report	sustainability@bakertech.com.sg
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in reference to the Global Reporting Initiative ("GRI") Core Reporting Option
102-55	GRI content index	Page 48 - GRI Content Index
102-56	External assurance	No assurance obtained
<b>SPECIFIC STANDARD DISCLOSURES</b>		
<b>MATERIAL TOPIC: OCCUPATIONAL HEALTH &amp; SAFETY</b>		
103-1/2/3	The management approach and its components	Page 40 - Our People
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Page 40 - Our People
<b>MATERIAL TOPIC: ANTI-CORRUPTION</b>		
103-1/2/3	The management approach and its components	Page 43 - Governance
205-3	Confirmed incidents of corruptions and action taken	Page 43 - Governance
<b>MATERIAL TOPIC: ENVIRONMENTAL COMPLIANCE</b>		
103-1/2/3	The management approach and its components	Page 39 - Our Environment
307-1	Non-compliance with enviromental laws and regulations	Page 39 - Our Environment



## SUSTAINABILITY

CORPORATE GOVERNANCE  
REPORT

**B**aker Technology Limited (the "Company" or "Baker Tech") and its subsidiaries (collectively, the "Group") are committed to observing high standards of corporate governance and promoting corporate transparency accountability and integrity to enhance long-term value for shareholders.

The Company received a bronze award for Best Annual Report for companies under \$300 million in market capitalisation at the 2017 Singapore Corporate Awards, making it the sixth year that the Group has won an award in this category. The award recognises excellence in the presentation of financial reporting, high level of corporate disclosures and transparency. The Company was also awarded the Transparency Award for commendable standards in Disclosure and Transparency at the 18th SIAS Investors' Choice Awards 2017.

This report sets out the Company's corporate governance practices for the financial year ended 31 December 2017 ("FY2017"), with specific reference to the principles and guidelines of the Code of Corporate Governance 2012 (the "Code"). The Company has adhered to most of the principles and guidelines of the Code and provided an explanation for any deviation from the Code, where applicable.

## BOARD MATTERS

**Principle 1:**  
**Board's Conduct of Affairs***Board's Role*

The Board oversees the overall management and business affairs of the Group. The Board also sets the Group's values and standards to ensure obligations to shareholders and other stakeholders are understood and met. Its primary functions include approving the broad policies, strategies and financial objectives of the Group and monitoring the performance of Management, considering the sustainability issues as part of its strategic formulation, overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance and assuming responsibility for corporate governance. The Board delegates the formulation of business policies and day-to-day management to the Executive Directors.

*Independent Judgment*

In discharging their fiduciary duties, all Directors are expected to exercise independent judgment and make decisions objectively in the best interest of the Company. A Director who is interested in a transaction or proposed transaction will declare his interest and abstain from deliberation and decision making. Independence

is an important criterion for the Nominating Committee's evaluation of the performance of each Director and the individual Director's self-assessment.

### **Delegation of Authority to Board Committees**

The Board is supported by three Board Committees, namely the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"), each with its own specific terms of reference setting out the authority and duties of the Board Committees and all the terms of reference for the Board Committees are approved by the Board.

### **Board Processes**

Board and Board Committee meetings are held regularly, with the Board meeting no less than 4 times a year. To facilitate Director's attendance at meetings, the dates of Board and Board Committee meetings as well as annual general meetings are scheduled in advance. Ad-hoc Board and Board Committee meetings are arranged as and when circumstances require. The Company's Constitution provides for the convening of the Board and Board Committee meetings by way of telephonic, video conferencing or other similar means of communication.

During FY2017, the number of the Board and Board Committee meetings held and attended by each member of the Board and Board Committees at the meetings are set out as follows:

### **Matters Requiring Board Approval**

The Group has in place an internal guide regarding matters that require the Board's approval including setting the strategic direction or policies or financial objectives which have or may have significant impact on the future profitability or performance of the Group, material acquisition and disposal of assets, funding proposals, approval of annual budgets, financial statements and declaration of dividends. Management is also given clear directions on matters (including setting thresholds for operating and capital expenditure relating to subsidiaries) that require the approval of the Board.

### **Board Orientation and Training**

The Company has an orientation programme for newly appointed Directors where the Director

Name of Directors	Board		AC		NC		RC	
	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Lim Ho Seng	5	4	5	4*	1	1*	1	1
Dr Benety Chang	5	5	5	5*	1	1	1	1*
Jeanette Chang	5	5	5	5*	1	1*	1	1*
Tan Yang Guan	5	5	5	5*	1	1*	1	1*
Wong Meng Yeng	5	5	5	5	1	1	1	1*
Ang Miah Khiang	5	5	5	5	1	1*	1	1
Han Sah Heok Vicky	5	5	5	5	1	1	1	1

\* Refers to meetings attended by invitation

## SUSTAINABILITY

### CORPORATE GOVERNANCE REPORT

would be briefed on the Group's industry, business operations, governance practices and expected duties of a Director of a listed company. Newly appointed Directors will receive an induction pack containing the Company's latest annual report, information and documents relating to role and responsibilities of a director, relevant company policies and procedures and regulatory guidelines relevant to the Group as well as a board meeting calendar for the year. Directors with no prior experience as a director of a listed company will be encouraged to attend the Listed Company Director Programme conducted by the Singapore Institute of Directors ("SID"). Formal letters of appointment will be furnished to any newly appointed Directors, setting out among other matters, the key terms of their appointment, obligations, duties and responsibilities as a member of the Board. No new Director was appointed in 2017.

Where appropriate, the Directors are provided with updates on changes in laws and regulations, which are relevant to the Group. In addition, the Directors are also encouraged to attend relevant training programmes, seminars and workshops to enhance their skills and knowledge, at the expense of the Company.

News releases issued by the Singapore Exchange Securities Trading Limited ("SGX-ST") and Accounting and Corporate Regulatory Authority, which are relevant to the Directors are circulated to the Board. The Company Secretary also keeps the Directors informed of upcoming conferences and seminars such as those conducted by the SID. The external auditors regularly update the AC and the Board on new or revised financial reporting standards which are relevant and applicable to the Group.

The NC reviews and makes recommendations on the training and professional development program to the Board. The Board was apprised of the training programmes attended by the Directors in 2017.

**Principle 2:  
Board Composition and Guidance**

**Board Independence**

As at the date of this report, the Board has seven Directors comprising three Independent Directors, two Non-Executive Directors and two Executive Directors, namely:

---

**Mr Lim Ho Seng**  
*Chairman,  
Non-Executive Director*

**Dr Benety Chang**  
*Chief Executive Officer*

**Ms Jeanette Chang**  
*Executive Director*

**Mr Tan Yang Guan**  
*Non-Executive Director*

**Mr Wong Meng Yeng**  
*Lead Independent Director*

**Mr Ang Miah Khiang**  
*Independent Director*

**Ms Han Sah Heok Vicky**  
*Independent Director*

---

With more than one-third of the Board comprising of Independent Directors, this provides for objective and independent judgment by the Board on the corporate affairs of the Company. No individual or small group of individuals dominates the Board's decision-making process.

Mr Lim Ho Seng has served for more than nine years on the Board. Mr Lim was designated from an Independent Director to a Non-Executive Director with effect from 1 January 2014 solely on account of him having served for more than nine years on the Board. The Board is of the view that Mr Lim continues to exercise independent judgment in the best interest of the Company.

The Board is aware of the recommendation of Guideline 2.2 of the Code that where the Chairman of the Board is not an Independent Director, the Independent Directors should make up at least half of the Board. Nonetheless, whilst acknowledging the objective of this Guideline, the Board and the NC are of the opinion that the process of decision making by the Board is independent despite its current Board composition. Further, in view of the ongoing challenges faced by marine and offshore oil and gas industry, the Board is of the view that it would need more time to consider the choice of a suitable new Board member.

The NC determines on an annual basis whether or not a Director is independent, taking into account the Code's definition of an independent director and guidelines as to relationships in determining the independence of a director. For the purpose of determining Directors' independence, every Director has provided declaration of their independence which is deliberated upon by the NC and the Board. The NC has reviewed and is satisfied with the independence of the Independent Directors, namely Mr Wong Meng Yeng, Mr Ang Miah Khiang and Ms Han Sah Heok Vicky.

**Composition and  
Size of the Board**

The NC reviews the size and composition of the Board and Board Committees annually to ensure that the size of the Board is conducive to effective discussion and decision making and the Board has the appropriate number of Independent Directors. When there is a vacancy or a need for new appointments to the Board, the NC will select and recommend candidates based on their skills, experience, knowledge and diversity in terms of expertise. The Board is of the view that its present size is appropriate, taking into account the nature and scope of the Group's operations. The current Board has a good mix of core competencies in the areas of marine and offshore

## SUSTAINABILITY

### CORPORATE GOVERNANCE REPORT

industry knowledge, accounting and finance, compliance, legal, business and management experience, familiarity with regulatory requirements and knowledge of risk management. The Board has two female Directors, in recognition of the importance and value of gender diversity. The profiles of the Directors are set out on pages 12 to 15 of this Annual Report.

#### ***Role of the Non-Executive Directors***

The Non-Executive Directors, including Independent Directors, participate actively in the Board and Board Committees. They are encouraged to constructively challenge and help develop proposals on strategy and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. To facilitate a more effective check on Management, they are encouraged to meet regularly without the presence of Management. In addition, they are free to request further clarification and have

independent access to our Senior Management. If necessary, Non-Executive Directors, including Independent Directors, may initiate meetings to address any specific matter involving any other member of our Management.

#### **Principle 3: Chairman and Chief Executive Officer**

There is a clear separation of roles and responsibilities of the Chairman and Chief Executive Officer ("CEO"). The Chairman of the Board is Mr Lim Ho Seng. He has no familial relationship with the CEO of the Company. The Chairman provides leadership to the Board. He sets the meeting agenda in consultation with the CEO and ensures that Directors are provided with accurate, timely and clear information, promotes a culture of openness and debate at the Board as well as to ensure effective communication with the shareholders. In addition, the Chairman encourages constructive relations within the Board and between the Board and Management to facilitate the effective contribution of Non-Executive Directors in particular in order to promote high standards of corporate governance. The



CEO supervises the day-to-day business operations and executions of strategies and policies with the support of the Executive Director and Management.

Mr Wong Meng Yeng acts as the Lead Independent Director and is the principal liaison to address shareholders' concerns, in which direct contact through normal channels of the Chairman, the CEO or the Chief Financial Officer ("CFO") have failed to resolve or for which such contact is inappropriate. During the financial year, the Independent Directors have met once without the presence of other Directors and the Lead Independent Director has provided feedback to the Chairman after the meeting.

#### **Principle 4: Board Membership**

##### ***NC Composition***

The NC comprises Mr Wong Meng Yeng, Ms Han Sah Heok Vicky and Dr Benety Chang. The Chairman of the NC is Mr Wong Meng Yeng, the Lead Independent Director. Independent Directors make up the majority of the NC.

The NC's responsibilities, as set out in its terms of reference approved by the Board, are to review and recommend candidates for appointment and re-appointment of Directors to the Board and the

Board Committees, determine Director's independence, evaluate performance of the Board as a whole, its Board Committees and the individual Directors, review appointments and resignations of key management personnel and to review the Director's training and continuous professional development programme.

During the year, the NC held one scheduled meeting with full attendance.

##### ***Process for selection and appointment of new Directors***

The NC makes recommendations to the Board on all board appointments and re-appointments. The selection for suitable candidates is conducted through contacts and recommendations and where necessary, external consultants may be engaged at the Company's expense. In reviewing and recommending to the Board any new Director appointment, the NC considers the needs and requirements of the Board and evaluates the candidate's independence, competencies and suitability of the candidates which include, age, gender, academic and professional qualifications, industry experience, number of other directorships, relevant experience as a director and ability and adequacy in carrying out required task. Candidates who are

shortlisted after being interviewed by members of the NC are then assessed by the Board for approval and appointment.

There are currently no alternate directors appointed to the Board.

##### ***Directors' Time Commitments***

The NC has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards. The guideline stipulates that, as a general rule, each Director should not hold more than five listed company board representations and other principal commitments. In determining the ability of a Director to carry out his duties as a Director of the Company, the NC also takes into account the results of the assessment of the effectiveness of the individual Director and the respective Directors' actual conduct on the Board.

In respect of FY2017, the NC was of the view that each Director had discharged his/her duties adequately and that each Director's directorship was in line with the Company's guidelines of not more than five listed company board representations and other principal commitments.

## SUSTAINABILITY

CORPORATE GOVERNANCE  
REPORT***Re-nomination of Directors***

All Directors to be re-elected have to be assessed and recommended by the NC before submission to the Board for approval. In recommending a Director for re-election to the Board, the NC takes into consideration the Directors' contribution and performance at Board and Board Committee meetings (such as attendance, preparedness, participation and candour) and also reviews their independence.

The Constitution of the Company requires one-third of the Directors to retire from office by rotation once every three years. A retiring Director is eligible for re-election at the Annual General Meeting ("AGM"). Any Director appointed to fill a casual vacancy or as an additional Director shall hold office until the next AGM at which he/she will be eligible for re-election.

The NC, with each NC member abstaining in respect of his own re-election, has recommended the nomination of Directors retiring under Article 104 of the Company's Constitution, namely Mr Lim Ho Seng, Dr Benety Chang

and Mr Wong Meng Yeng for re-election at the forthcoming AGM. The Board has accepted the recommendations of the NC, and accordingly, Mr Lim Ho Seng, Dr Benety Chang and Mr Wong Meng Yeng will be offering themselves for re-election.

**Principle 5:  
Board Performance**

The Company has in place a formal process for assessment of the effectiveness of the Board as a whole, and its Board Committees and each Director's contribution as well as of the Chairman to the effectiveness of the Board. The NC's assessment of the Board's performance as a whole is conducted on an annual basis taking into account factors such as Board composition, conduct of meetings, corporate strategy and planning, risk management, measuring and monitoring performance, financial reporting and communication with shareholders.

The NC's assessment of the performance of the Board Committees is assisted by the self-assessment checklists completed by the AC, NC and RC.

The individual Director's assessments by the NC are based on the Director's self-assessment and peer assessment. This annual evaluation process considers, among others, each Director's commitment of time for meetings of the Board and Board Committees, participation, contribution and deliberation of issues at meetings, knowledge and understanding of the major risk factors of the Company and interaction with fellow Directors, Management and other relevant parties as well as to determine whether new members are required to be added to the Board or to seek the resignation of directors.

The Board Chairman is assessed by the NC on attributes such as leadership, ethics and values, knowledge, interaction and communication skills.

Areas of strength and recommendation, if any, for improvements will be identified by the NC and tabled to the Board for discussion and comment.

The Board has not engaged any external facilitator to conduct the performance evaluation of the Board. Where relevant and when the need arises, the NC will consider such an engagement.

Based on the NC's review, the Board and the various Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

#### **Principle 6: Access to Information**

##### ***Complete, Adequate and Timely Information and Access to Management***

Information and data are important to the Board's understanding and deliberation of the Group's business. Management's proposals to the Board and Board Committees for decisions provide background and explanatory information which includes but not limited to monthly management accounts and analysis, information on budgets, forecasts, cash flow projections and manpower statistics.

Prior to each meeting of the Board and Board Committees, Management will provide the Directors with the meeting agendas and the relevant materials relating to the matters to be discussed during the meetings, so as to facilitate an informed discussion. Whenever necessary, senior management staff will be invited to attend the Board meetings and AC meetings to answer queries from the Directors. The Directors have separate and independent access to the Company's senior management to address any enquiries at all times or requests for additional information, if necessary.

Where a physical Board meeting is not possible, timely communication with members of the Board is effected through electronic means, which include electronic mail and teleconferencing. Alternatively, Management will arrange to personally meet and brief each Director before seeking the Board's approval on a particular issue.

#### ***Company Secretary***

The Board has separate and independent access to the Company Secretary, whose duties and responsibilities are clearly defined. The Company Secretary attends all Board and Board Committee meetings and ensures that all Board procedures are followed. The Company Secretary, together with Management, also ensures that the Company complies with all applicable statutory and regulatory rules. The minutes of all Board and Board Committees meetings are circulated by the Company Secretary to the respective Board and Board Committees. The appointment and removal of the Company Secretary is subject to the approval of the Board.

## SUSTAINABILITY

### CORPORATE GOVERNANCE REPORT

#### *Independent Professional Advice*

The Directors, either individually or as a group, are entitled to take independent professional advice, where appropriate, with such expense borne by the Company.

#### REMUNERATION MATTERS

##### **Principle 7: Procedures for Developing Remuneration Policies**

The RC comprises Ms Han Sah Heck Vicky, Mr Ang Miah Khiang and Mr Lim Ho Seng. Ms Han Sah Heok Vicky, an Independent Director, is the Chairman of the RC. Independent Directors make up the majority of the RC.

The RC's principal responsibilities are set out in its terms of reference approved by the Board. These are to review and recommend a

framework of remuneration for the Directors and key management personnel and the specific remuneration packages including but not limited to Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits in kind of the Executive Directors and key management personnel; and to ensure that the framework is competitive and sufficient to attract, retain and motivate the Directors to provide good stewardship of the Company and the key management personnel to successfully manage the Company. None of the RC members or Directors is involved in deliberations in respect of any remuneration, compensation or any form of benefit to be granted to him/her. For FY2017, no remuneration consultant was appointed to review the Directors' remuneration.

The RC reviews the Company's obligations under the service agreements of the Executive Directors and key management personnel that would arise in the event of termination of these service agreements to ensure that such service agreements contain fair and reasonable termination clauses.

**Principle 8:  
Level and Mix of Remuneration**

***Remuneration of Executive  
Directors and Key Management  
Personnel***

The Group’s remuneration policy for Executive Directors and key management personnel comprises a base/fixed salary component and a variable bonus component that is linked to the Company/ Group and individual performance and alignment with the interests of shareholders to promote the long-term success of the Company. In setting remuneration packages, the Group takes into consideration the market and pay conditions within the industry as well as the Group’s performance in the relevant financial year and individual performance.

The Executive Directors do not receive Directors’ fees. Non-Executive Directors, including Independent Directors, (save for Mr Tan Yang Guan, who is remunerated by way of consultancy fees for providing financial advice and overview to the Group) are paid Directors’ fees which take into consideration the contribution, time and effort spent and responsibilities of the Directors. The Directors’ fees comprise a basic fee and additional fees for appointment on Board Committees. The Non-Executive Directors are not compensated to the extent that their independence may be compromised.

The RC had reviewed the Directors’ fee framework with effect from the financial year ending 31 December 2018 (“FY2018”) in order to better align with market benchmarks. The Board agreed with the RC’s recommendation to propose a revision of the Board basic fee from \$38,500 to \$40,000 per annum from FY2018 as follows:

Basic Fee for Board Members	\$40,000 per annum
Additional fee:	
- Allowance for Board Chairman	75.0% of Basic Fee
- Allowance for Lead Independent Director	20.0% of Basic Fee
- Audit Committee Chairman	50.0% of Basic Fee
- Audit Committee Members	25.0% of Basic Fee
- Remuneration / Nominating Committee Chairman	25.0% of Basic Fee
- Remuneration / Nominating Committee Members	12.5% of Basic Fee

Shareholders’ approval will be sought at the AGM of the Company on 27 April 2018, for the payment of Directors’ fees of \$273,000 to be paid quarterly in arrears for FY2018.

Having reviewed and considered the variable components in the remuneration packages of the Executive Directors and key management personnel, the RC is of the view that it is not necessary to institute contractual provisions to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

The Company’s Share Option Scheme approved at the extraordinary general meeting held on 22 May 2002 (2002 Scheme) has expired on 21 May 2012. There has been no new share option scheme since the expiry of the 2002 Scheme. The Company will consider employee share option scheme or other long-term incentive scheme as and when deemed necessary.



# SUSTAINABILITY

## CORPORATE GOVERNANCE REPORT

### Principle 9: Disclosure on Remuneration

#### Disclosure of Remuneration

The Directors' remuneration for FY2017 is set out below:

Name of Directors	Fees \$	Salary, CPF and Allowance \$	Bonus (AWS) \$	Other Benefits <sup>(2)</sup> \$	Total \$
Lim Ho Seng	72,187	—	—	—	72,187
Dr Benety Chang	—	488,850	35,700	—	524,550
Jeanette Chang <sup>(1)</sup>	—	286,908	20,400	—	307,308
Tan Yang Guan	—	—	—	144,000	144,000
Wong Meng Yeng	65,450	—	—	—	65,450
Ang Miah Khiang	62,563	—	—	—	62,563
Han Sah Heok Vicky	62,563	—	—	—	62,563

#### Notes:

(1) Ms Jeanette Chang is the daughter of Dr Benety Chang, Chief Executive Officer.

(2) this relates to consultancy fees paid by the Group.

The table below shows the remuneration of the top four key management personnel (who are not Directors or the CEO) for FY2017:

Name of Key Management Personnel	Designation	Salary, CPF and Allowance %	Bonus (AWS) %
<b>\$250,000 to \$500,000</b>			
Ong Thian Whee Albert	Managing Director (Sea Deep Shipyard Pte. Ltd.)	93	7
Tan Kiang Kherng	Chief Financial Officer (Baker Technology Limited)	93	7
Tan Wee Lee	Managing Director (Baker Engineering Pte. Ltd.)	93	7
Heath McIntyre	Managing Director (BT Investment Pte. Ltd.)	93	7

The total remuneration paid to the top four key management personnel for FY2017 amounted to \$1,249,000.

The Company believes that it may not be in the Group's interest to disclose the remuneration of the key management personnel to the level as recommended by the Code, given highly competitive hiring conditions and the need to retain the Group's talent pool.

#### ***Employee Related to Directors/CEO***

Save as disclosed in the above remuneration table for Directors, there is no employee in the Group who is an immediate family member of any of the Directors or the CEO and whose remuneration exceeded \$50,000 during FY2017. "Immediate family member" means spouse, child, adopted child, step-child, brother, sister and parent.

### **ACCOUNTABILITY AND AUDIT**

#### **Principle 10: Accountability**

The Board, through its announcements of quarterly and full-year results as well as price sensitive issues, aims to provide shareholders with a balanced and understandable assessment of the Group's financial performance, position and prospects.

The Company recognises the importance of providing the Board

with a continual flow of relevant information on an accurate and timely basis in order that it may effectively discharge its duties. On a regular basis, Board members are provided with business and financial reports comparing actual performance with budget, highlights on key business indicators and other major issues.

In line with Rule 705(5) of the Listing Rules of the SGX-ST, the Board provides a negative assurance statement to the shareholders in its quarterly financial statements announcements, confirming to the best of their knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading.

Pursuant to the amended Rule 720(1) of the Listing Rules of the SGX-ST, all the Directors and executive officers of the Group have signed a letter of undertaking.

#### **Principle 11: Risk Management and Internal Controls**

The Board has overall responsibility for the management of the Group's key risks to safeguard shareholders' interests and its assets. The AC has been tasked to assist the Board in the oversight of the risk management and internal control systems within the Group while the ownership of day-to-day management and monitoring of existing internal control systems is delegated to Management which comprise the Executive Directors and key management personnel of the Group.

The AC, with the assistance of the internal auditors, reviews the adequacy and effectiveness of the Company's internal control systems, including financial, operational, compliance and information technology controls and risks management policies and systems established by the Management on an annual basis. In addition, the external auditors will highlight any material control weaknesses within the Group discovered in the course of the statutory audit. Any material findings from both the internal and external auditors together with the improvement recommendations are reported to the AC. The AC will review the internal and external auditors' comments and findings, ensure that there are adequate internal controls within the Group and follow up on actions implemented.

As the environment in which the Group operates changes, risks and opportunities change. Based on the enterprise-wide risk management framework ("ERM Framework") established and maintained in the Company, Management at all levels are expected to constantly review the business operations and the environment that the Group operates in order to identify areas and ensure mitigating measures are promptly developed to address these risks. As part of the framework, risk registers were established to document the key risks, risk appetite, risk tolerance,

## SUSTAINABILITY

### CORPORATE GOVERNANCE REPORT

risk evaluation and mitigating controls. Management will regularly review the key risks, both existing and emerging new risks; determine the key owners for the risks identified; ensuring treatment measures for mitigating these risks are promptly and properly implemented; and ensuring policies and controls are complied with. Management reports to the AC on a quarterly basis. Appropriate mitigating actions in managing the key risks, as well as action plans to address the gaps are considered and documented.

The ERM Framework is complemented by the Group's system of internal controls, which includes the Code of Conduct, documented policies and procedures, proper segregation of duties, approval procedures and authorities as well as checks-and-balances built into the business processes.

For 2017, the Board has received assurances from the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and the Group's risk management and internal control systems are adequate and effective.

Based on the ERM Framework established, reviews carried out by the AC, the work performed by the internal and external auditors and assurance from the Management, the Board, with the concurrence of the AC, is of the opinion that the internal controls and risk management systems maintained by Management during the financial year and up to the date of this report are adequate and effective in addressing the risks relating to financial, operational, compliance and information technology controls and to meet the current scope of the Group's business operations. The Board notes that no system of internal controls is capable of providing absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

## Principle 12: Audit Committee

The AC comprises Mr Ang Miah Khiang, Mr Wong Meng Yeng and Ms Han Sah Heok Vicky, all of whom are Independent Directors. The Chairman of the AC is Mr Ang Miah Khiang. All members of the AC are appropriately qualified, with at least two members having the requisite financial management expertise and experience.

The AC carried out their duties in accordance with the terms of reference which include the following:

- (i) review the scope and results of the external audit work, cost effectiveness of the audit, and the independence and objectivity of the external auditors;
- (ii) review the Group's quarterly and full year financial statements, the accounting principles adopted and the external auditor's report on the financial statements of the Group before submission to the Board for approval;
- (iii) review, with the internal auditors, the scope of the internal audit procedures and the results of the internal audit, monitoring the responses to their findings to ensure that appropriate follow-up measures are taken;

(iv) review and report to the Board at least annually on the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management systems, relying on reviews carried out by the internal auditors;

(v) recommend to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors; and

(vi) review interested person transactions in accordance with the requirements of the Listing Manual of the SGX-ST.

The AC met five times during the year under review. Details of AC members and their attendance at meetings are provided on page 5. The auditors (if required), the CFO and Company Secretary are invited to these meetings.

The AC has the authority to investigate any activity it deems appropriate within its terms of reference and is authorised to obtain independent professional advice. It has full access to and cooperation of the Management and reasonable resources to enable it to discharge its duties properly. It reviews the assistance given by the Company's officers to the external

and internal auditors. The AC has unrestricted access to the external and internal auditors. The AC had met with the Company's external and internal auditors once in the absence of Management during FY2017 to review any matter that might be raised privately. It also has full discretion to invite any Director, key management personnel or any other person to attend its meetings.

The aggregate audit and non-audit fees payable to the external auditors, Ernst & Young LLP ("EY") for FY2017 were \$155,000 and \$10,000 respectively. The AC, having reviewed the scope and value of non-audit services provided to the Group by EY, is satisfied that the nature and extent of such services would not prejudice and effect their independence and objectivity.

In reviewing the nomination of EY for re-appointment as the Company's auditor for the financial year ending 31 December 2018, the AC had considered the adequacy and appropriate resources and experience of the firm and the assigned audit engagement partner, other audit engagements and the number and experience of the supervisory and professional staff assigned to the Group's audit.

## SUSTAINABILITY

### CORPORATE GOVERNANCE REPORT

EY has confirmed that they are registered with the Accounting and Corporate Regulatory Authority. The Company has complied with Rule 712 and 715 of the Listing Manual of the SGX-ST in relation to the appointment of auditors. Accordingly, the AC has recommended to the Board the nomination of EY for re-appointment as external auditor at the forthcoming AGM.

The AC has reviewed the key audit matters disclosed in the independent external auditor's report and is of the view that there is no material inconsistency between the audit procedures adopted by the independent external auditor and Management's assessment.

None of the AC members were previous partners or directors of the existing auditing firm within the previous 12 months and that none of the AC members hold any financial interest in the auditing firm.

The Company has a Code of Conduct and Gift Policy which has been adopted since 2014 to regulate the ethical conduct of its employees. The Code of Conduct also extends to Directors of the Company and all consultants and agents engaged by the Group for the purpose of representing the Group in certain areas of works.

#### *Whistle-blowing Policy*

The Company has in place a Whistle-blowing Policy to promote the highest standard of work ethics and to eliminate unethical, illegal, corrupt and wasteful behavior and acts. The policy provides an independent feedback channel through which matters of concern about possible improprieties in matters of financial reporting, fraudulent behaviour and other matters may be raised by employees and any other persons directly to any AC member in confidence and in good faith without fear of reprisals.

The Policy establishes the processes by which whistleblowing complaints are handled and the confidentiality and identity of the whistleblower is maintained and protected.



The AC ensures that independent investigations and any appropriate follow up actions are carried out. Details of this policy have been disseminated and made available to all employees of the Group. To date, there were no reports received through the whistle blowing mechanism.

#### **Principle 13: Internal Audit**

The Company has outsourced its internal audit function to PricewaterhouseCoopers ("PwC"). The Board has approved the recommendation of the AC to re-engage PwC as internal auditor ("IA") of the Company. The IA has access to all records including access to AC. The IA's primary line of reporting would be to the AC Chairman and administratively to the CFO.

The IA function is independent of the activities it audits. The IA, PwC, is a corporate member of the Institute of Internal Auditors Singapore with professionals with relevant qualifications and experience. The audit work is carried out according to the standards set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors.

The AC reviews and approves the internal audit plan and reviews the scope and results of internal audit procedures issued by the IA.

During FY2017, the IA completed an internal audit review of the Group on key processes such as ERM, inventory control, investment and information technology. The findings and recommendations of the IA, Management's responses and Management's implementations have been reviewed and approved by the AC.

#### **SHAREHOLDERS RIGHTS AND RESPONSIBILITIES**

##### **Principle 14: Shareholder Rights**

The Group recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that the Company's shareholders are treated fairly and equitably and the rights of all investors, including non-controlling shareholders are protected.

Shareholders are informed of any changes in the Group's business that are likely to materially affect the value of the Company's shares.

The Group ensures that shareholders have the opportunity to participate effectively in and vote at general meetings. The relevant rules including the voting procedures are set out in the notice of general meetings. The link to SGX-ST's investor guides "An Investor's Guide to Preparing for Annual General Meetings" and "An Investor's Guide to Reading Annual Reports" has been included on the Company's website under "Investor

Relations" with the aim of providing further assistance to shareholders in their investment activities.

The Company's Constitution allows all shareholders to appoint up to two proxies to attend general meetings and vote on their behalf. In the case of shareholders who are relevant intermediaries such as corporations holding licences in providing nominee and custodial services and CPF Board which purchases shares on behalf of CPF investors, they are entitled to appoint more than two proxies pursuant to Companies (Amendment) Act 2014 which came into force on 3 January 2016.

##### **Principle 15: Communication with Shareholders**

The Company is committed to engaging its shareholders and the investing community and providing pertinent and accurate information about the Company in an effective, fair and timely manner. The Company has put in place an Investor Relations Policy that promotes this.

The Company does not practice selective disclosure. All material information including quarterly results announcements, are disclosed regularly and in a timely manner via SGXNet and the Company's website. The Chairman of the Board, Mr Lim Ho Seng, spearheads the Investor

## SUSTAINABILITY

### CORPORATE GOVERNANCE REPORT

Relations team which comprises the Executive Directors and key management personnel. Management takes an active role in communications with shareholders and the investing community to address their queries or concerns and to update them on the latest corporate developments.

The Company's website at [www.bakertech.com.sg](http://www.bakertech.com.sg) is the key resource of information to shareholders. Among other things, it contains corporate announcements, media releases, financial results, presentations and annual reports. The Company's shareholders can contact the Company via the Company's website (under Contact Us).

#### *Dividend Policy*

The Company does not have a formal policy on dividend distribution. In its evaluation and recommendation of dividends, the Board will take into account, the Company's operating performance, general financial condition, capital requirements, cash flow and other factors as the Directors may deem appropriate.

#### **Principle 16:** **Conduct of Shareholder Meetings**

The Board supports and encourages active shareholder participation at general meetings. The Company's Constitution allows all shareholders to appoint up to two proxies to attend and vote on his/her behalf and a proxy need not be a member of the Company. Voting in absentia by mail, email or fax has not been implemented due to concerns relating to issues of authentication of shareholder identity information and other related security issues.

The Company's principal forum of dialogue with shareholders takes place at its general meetings. At these meetings, shareholders are given the opportunity to express their views and ask questions regarding the Company and the Group. The Directors, in particular the Chairman of the Board and Chairpersons of Board Committees and Management will be present at all general meetings of shareholders to address any questions the shareholders may have concerning the Group. The external auditors will also be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report.

The Company maintains minutes of general meetings including substantive comments or queries from shareholders relating to the

meeting agenda and responses from the Board members. These minutes will be available to shareholders upon their request. The Company ensures that every matter requiring approval is proposed as a separate resolution.

Since 2016, the Company has conducted electronic poll voting at shareholders' meetings for greater transparency in the voting process. The results of each resolution including the number of votes for, or against each resolution are instantaneously displayed at the meeting and announced after the meetings via SGXNet.

## DEALINGS IN SECURITIES

The Group has put in place a policy on dealings in the securities of the Company by the Directors, officers and employees of the Company and its subsidiaries. The Group

issues quarterly reminders to Directors, officers and employees on the restrictions in dealings in shares of the Company during the period commencing two weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year; and one month before the announcement of the Company's full year financial results, and ending on the date of the announcement of the relevant results. Directors and officers are also reminded not to trade in securities of the Company at any time while in possession of unpublished price sensitive information and to refrain from dealing in the Company's securities on short-term considerations.

The Directors and Management are expected to observe the insider trading laws at all times when dealing in securities within permitted trading period.

## ADDITIONAL INFORMATION

### *Interested Person Transactions Policy*

All interested person transactions are subject to review by the AC.

For financial year 2017, there were no interested person transactions.

## MATERIAL CONTRACTS

There were no material contracts of the Company and its subsidiaries involving the interests of the CEO, each Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

## MAJOR PROPERTIES

The Group holds the following properties in Singapore:

Location	Description	Area (sqm)	Tenure
6 Pioneer Sector 1 Singapore 628418	A purpose-built shipyard complex with single-storey workshops, 3-storey office, stores, water frontage and paint blasting/open fabricating	31,094	Expiring on 31 December 2023
10 Jalan Samulun Singapore 629124	An existing custom-built premises with single-storey workshop, 3-storey office and water frontage	10,430	Expiring on 31 December 2025
12A Jalan Samulun Singapore 629131	An existing custom-built premises with single-storey workshop, 3-storey office and water frontage	5,995	Expiring on 31 May 2025

# PASSION



**W**e are passionate about what we do and are driven by a common purpose: to deliver value to our shareholders, customers, employees and society. We are determined to enable employees to achieve their potential by investing in their personal development, while providing a safe and respectful working environment. We are committed to give back to the society by volunteering our time and energy and financially supporting worthy causes.

## FINANCIAL CONTENTS

69	Directors' Statement
73	Independent Auditor's Report
77	Consolidated Statement of Comprehensive Income
78	Balance Sheets
79	Statements of Changes in Equity
81	Consolidated Cash Flow Statement
82	Notes to the Financial Statements

# DIRECTORS’ STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Baker Technology Limited (the “Company”) and its subsidiaries (collectively, the “Group”) and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2017.

## OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the accompanying balance sheets, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## DIRECTORS

The directors of the Company in office at the date of this statement are:

Lim Ho Seng	(Chairman)
Dr Benety Chang	(Chief Executive Officer)
Jeanette Chang	(Executive Director)
Tan Yang Guan	(Non-Executive Director)
Wong Meng Yeng	(Lead Independent Director)
Ang Miah Khiang	(Independent Director)
Han Sah Heok Vicky	(Independent Director)

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.



## DIRECTORS' STATEMENT

### DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Cap. 50, an interest in shares and warrants of the Company as stated below:

Name of director	Direct interest		Deemed interest	
	At 1.1.2017	At 31.12.2017	At 1.1.2017	At 31.12.2017
<b>The Company</b>				
<b>Baker Technology Limited</b>				
<i>Ordinary shares</i>				
Lim Ho Seng	226,800	226,800	—	—
Dr Benety Chang	85,544,577	85,544,577	19,151,771	19,151,771
Tan Yang Guan	4,128,554	4,128,554	—	—
Han Sah Heok Vicky	100,000	100,000	—	—

There was no change in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2018.

Except as disclosed in this report, no director who held office at the end of the financial year had interest in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning or at the end of the financial year.

### SHARE OPTIONS

There is currently no share option scheme on unissued shares of the Company.

## DIRECTORS' STATEMENT

### AUDIT COMMITTEE

The audit committee ("AC") carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter 50, including the following main functions:

- reviewing the scope, changes, results and cost effectiveness of the external audit plan and process;
- reviewing the Group's quarterly and full year results announcement, the accounting principles adopted and the external auditor's report on the annual financial statements of the Group and the Company before submitting such documents to the Board for approval;
- reviewing, with the internal auditors, the scope of the internal audit procedures and the results of the internal audit, monitoring the responses to their findings to ensure that appropriate follow-up measures are taken;
- reviewing the effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;
- meets with the external and internal auditors and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- reviewing legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- reviewing the independence and objectivity of the external auditors;
- reviewing the nature and extent of non-audit services provided by the external auditor;
- recommending the reappointment of the external auditor to the Board, approving the compensation of the external auditor, and results of the audit;
- reviewing the assistance given by the Company's officers to the auditors;
- reports discussions and actions of the AC to the Board of directors with such recommendations as the AC considers appropriate; and
- reviewing the interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor.

The AC has held five meetings during the year. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Corporate Governance Report.

BAKER  
TECHNOLOGY  
LIMITED

—  
THE BEST  
IN US

## DIRECTORS' STATEMENT

### AUDITOR

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors:

Lim Ho Seng  
Chairman

Dr Benety Chang  
Chief Executive Officer

Singapore  
9 March 2018

# INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## ***Report on the audit of the financial statements***

### **Opinion**

We have audited the financial statements of Baker Technology Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2017, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

### **Basis for opinion**

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

## INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### Key audit matters (cont'd)

#### *Impairment assessment of the vessel*

As at 31 December 2017, the carrying amount of the Group's vessel was S\$100,050,000, representing 48% of the Group's total assets. Due to the continued weakness in oil prices, the oil and gas industry has been affected by slower demand in rigs and vessels deliverables. This results in significant pressures on charter rates and triggered indications of potential impairment on the vessel. As a result, management carried out impairment test on the vessel. We considered the audit of management's impairment test on the vessel to be a key audit matter due to the magnitude of the carrying amount of the vessel and the significant management's judgement and assumptions used in the impairment assessment process.

As disclosed in Note 3.2 to the financial statements, management determined the recoverable amounts of the vessel based on value-in-use calculations. Based on the assessment, no impairment was recognised.

As part of our audit procedures, we assessed the valuation method used by management and evaluated the key assumptions used, in particular the discount rates, forecasted charter rates and utilisation rates. We evaluated the forecasted charter rates and utilisation rates by benchmarking them to the industry rates. We also involved our internal valuation specialists to assist us in assessing management's valuation method and the reasonableness of the discount rates, forecasted charter rates and utilisation rates used. Finally, we reviewed the adequacy of the disclosures made on the impairment of the vessel in Note 10 to the financial statements.

### Other information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.



# INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### **Auditor's responsibilities for the audit of the financial statements (cont'd)**

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on other legal and regulatory requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lim Siew Koon.

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants

Singapore  
9 March 2018

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 \$'000	2016 \$'000
<b>Revenue</b>	5	<b>5,002</b>	21,520
Cost of sales		<b>(2,383)</b>	(15,849)
<b>Gross profit</b>		<b>2,619</b>	5,671
<b>Other items of income</b>			
Other operating income	6	<b>735</b>	3,608
<b>Other items of expenses</b>			
Administrative expenses		<b>(10,576)</b>	(10,950)
Other expenses	6	<b>(4,061)</b>	(7,551)
<b>Loss before tax</b>	7	<b>(11,283)</b>	(9,222)
Income tax credit	8	<b>593</b>	895
<b>Loss for the year attributable to owners of the Company</b>		<b>(10,690)</b>	(8,327)
<b>Other comprehensive income, net of tax</b>			
Items that may be reclassified subsequently to profit or loss			
Net gain on fair value changes on available-for-sale financial assets		<b>73</b>	153
<b>Total comprehensive income for the year attributable to owners of the Company</b>		<b>(10,617)</b>	(8,174)
<b>Earnings per share attributable to owners of the Company</b>	9		
Basic (in cents)		<b>(5.3)</b>	(4.1)
Diluted (in cents)		<b>(5.3)</b>	(4.1)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**BALANCE  
SHEETS**

AS AT 31 DECEMBER 2017

	Note	Group		Company	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	10	113,410	16,461	6	2
Intangible assets	11	1,810	2,050	—	—
Investment in subsidiaries	12	—	—	22,800	22,800
Investment securities	13	2,388	3,317	2,388	3,317
Deferred tax assets	14	17	248	—	—
		<b>117,625</b>	<b>22,076</b>	<b>25,194</b>	<b>26,119</b>
<b>Current assets</b>					
Gross amount due from customers for contract work-in-progress	15	61	1,039	—	—
Inventories and work-in-progress	16	634	85,431	—	—
Trade and other receivables	17	2,731	5,683	52	1,089
Prepaid operating expenses		112	187	12	12
Amounts due from subsidiaries	18	—	—	100,641	93,074
Investment securities	13	1,068	3,218	1,068	3,218
Cash and short-term deposits	19	86,642	106,956	79,872	99,157
		<b>91,248</b>	<b>202,514</b>	<b>181,645</b>	<b>196,550</b>
<b>Less: Current liabilities</b>					
Gross amount due to customers for contract work-in-progress	15	104	122	—	—
Trade and other payables	20	5,804	8,044	412	1,241
Amounts due to subsidiaries	18	—	—	5,000	5,653
Income tax payable		407	302	—	26
		<b>6,315</b>	<b>8,468</b>	<b>5,412</b>	<b>6,920</b>
<b>Net current assets</b>		<b>84,933</b>	<b>194,046</b>	<b>176,233</b>	<b>189,630</b>
<b>Non-current liability</b>					
Deferred tax liabilities	14	44	455	—	—
<b>Net assets</b>		<b>202,514</b>	<b>215,667</b>	<b>201,427</b>	<b>215,749</b>
<b>Equity attributable to owners of the Company</b>					
Share capital	21	108,788	108,788	108,788	108,788
Reserves		93,726	106,879	92,639	106,961
<b>Total equity</b>		<b>202,514</b>	<b>215,667</b>	<b>201,427</b>	<b>215,749</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Group	Attributable to owners of the Company					
	Share capital (Note 21)	Capital reserve <sup>(1)</sup>	Retained earnings	Fair value reserve	Total reserves	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2017</b>						
<b>At 1 January 2017</b>	<b>108,788</b>	<b>2,344</b>	<b>104,609</b>	<b>(74)</b>	<b>106,879</b>	<b>215,667</b>
Loss for the year	—	—	(10,690)	—	(10,690)	(10,690)
<u>Other comprehensive income</u>						
Net gain on fair value changes of available-for-sale financial assets	—	—	—	73	73	73
Total comprehensive income for the year	—	—	(10,690)	73	(10,617)	(10,617)
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares (Note 28)	—	—	(2,536)	—	(2,536)	(2,536)
Total contributions by and distribution to owners	—	—	(2,536)	—	(2,536)	(2,536)
<b>At 31 December 2017</b>	<b>108,788</b>	<b>2,344</b>	<b>91,383</b>	<b>(1)</b>	<b>93,726</b>	<b>202,514</b>
<b>2016</b>						
<b>At 1 January 2016</b>	<b>108,788</b>	<b>2,344</b>	<b>118,008</b>	<b>(227)</b>	<b>120,125</b>	<b>228,913</b>
Loss for the year	—	—	(8,327)	—	(8,327)	(8,327)
<u>Other comprehensive income</u>						
Net gain on fair value changes of available-for-sale financial assets	—	—	—	153	153	153
Total comprehensive income for the year	—	—	(8,327)	153	(8,174)	(8,174)
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares (Note 28)	—	—	(5,072)	—	(5,072)	(5,072)
Total contributions by and distribution to owners	—	—	(5,072)	—	(5,072)	(5,072)
<b>At 31 December 2016</b>	<b>108,788</b>	<b>2,344</b>	<b>104,609</b>	<b>(74)</b>	<b>106,879</b>	<b>215,667</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



STATEMENTS OF  
CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Company	Attributable to owners of the Company					
	Share capital	Capital reserve	Retained earnings	Fair value reserve	Total reserves	Total equity
	(Note 21) \$'000	( <sup>(1)</sup> ) \$'000	\$'000	\$'000	\$'000	\$'000
<b>2017</b>						
<b>At 1 January 2017</b>	<b>108,788</b>	<b>2,344</b>	<b>104,691</b>	<b>(74)</b>	<b>106,961</b>	<b>215,749</b>
Loss for the year	—	—	(11,859)	—	(11,859)	(11,859)
<u>Other comprehensive income</u>						
Net gain on fair value changes of available-for-sale financial assets	—	—	—	73	73	73
Total comprehensive income for the year	—	—	(11,859)	73	(11,786)	(11,786)
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares (Note 28)	—	—	(2,536)	—	(2,536)	(2,536)
Total contributions by and distribution to owners	—	—	(2,536)	—	(2,536)	(2,536)
<b>At 31 December 2017</b>	<b>108,788</b>	<b>2,344</b>	<b>90,296</b>	<b>(1)</b>	<b>92,639</b>	<b>201,427</b>
<b>2016</b>						
<b>At 1 January 2016</b>	<b>108,788</b>	<b>2,344</b>	<b>80,874</b>	<b>(227)</b>	<b>82,991</b>	<b>191,779</b>
Profit for the year	—	—	28,889	—	28,889	28,889
<u>Other comprehensive income</u>						
Net gain on fair value changes of available-for-sale financial assets	—	—	—	153	153	153
Total comprehensive income for the year	—	—	28,889	153	29,042	29,042
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares (Note 28)	—	—	(5,072)	—	(5,072)	(5,072)
Total contributions by and distribution to owners	—	—	(5,072)	—	(5,072)	(5,072)
<b>At 31 December 2016</b>	<b>108,788</b>	<b>2,344</b>	<b>104,691</b>	<b>(74)</b>	<b>106,961</b>	<b>215,749</b>

<sup>(1)</sup> Capital reserve arose from restructuring exercise in prior years.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	2017 \$'000	2016 \$'000
<b>Cash flows from operating activities</b>		
Loss before tax	(11,283)	(9,222)
Adjustments for:		
Depreciation of property, plant and equipment	2,806	1,911
Amortisation of intangible assets	22	—
Inventories and work-in-progress written down	501	1,391
Allowance for doubtful debt	—	63
Interest income	(661)	(668)
Write back for warranty	(1,176)	(645)
Unrealised foreign exchange loss / (gain)	4,094	(1,131)
Gain on disposal of property, plant and equipment	—	(1)
Impairment of goodwill	—	7,551
<b>Operating cash flows before working capital changes</b>	<b>(5,697)</b>	<b>(751)</b>
Increase in inventories and work-in-progress	(14,536)	(34,840)
Decrease in gross amount due from customers for contract work-in-progress	978	5,667
Decrease in gross amount due to customers for contract work-in-progress	(18)	(1,459)
Decrease in trade and other receivables	2,657	5,628
Decrease / (increase) in prepaid operating expenses	75	(39)
Decrease in trade and other payables	(1,035)	(4,932)
<b>Cash flows used in operations</b>	<b>(17,576)</b>	<b>(30,726)</b>
Interest received	695	699
Income tax refunded / (paid)	518	(196)
<b>Net cash flows used in operating activities</b>	<b>(16,363)</b>	<b>(30,223)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(689)	(1,998)
Proceed from disposal of property, plant and equipment	—	1
Additions to intangible asset	(16)	(105)
Maturity of investment securities	2,993	3,713
Purchase of investment securities	(302)	(315)
<b>Net cash flows from investing activities</b>	<b>1,986</b>	<b>1,296</b>
<b>Cash flows from financing activity</b>		
Dividends paid on ordinary shares	(2,536)	(5,072)
<b>Net cash flows used in financing activity</b>	<b>(2,536)</b>	<b>(5,072)</b>
Net decrease in cash and cash equivalents	(16,913)	(33,999)
Effect of exchange rate changes on cash and cash equivalents	(3,401)	885
Cash and cash equivalents at beginning of financial year	106,956	140,070
<b>Cash and cash equivalents at end of financial year (Note 19)</b>	<b>86,642</b>	<b>106,956</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 1. CORPORATE INFORMATION

Baker Technology Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is at 10 Jalan Samulun, Singapore 629124.

The principal activities of the Company are investment holding and the provision of specialised marine offshore equipment and services for the oil and gas industry. The principal activities of the subsidiaries are disclosed in Notes 12 to the financial statements.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or \$) and all values in the tables are rounded to the nearest thousand (\$'000), except when otherwise indicated.

#### Convergence with International Financial Reporting Standards

The Accounting Standards Council announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 January 2018.

The Group has performed an assessment of the impact of adopting the new financial reporting framework. Other than the adoption of the new standards that are effective on 1 January 2018, the Group expects that the adoption of the new framework will have no material impact on the financial statements in the year of initial application. The Group expects that the impact of adopting the new standards that are effective on 1 January 2018 will be similar to that as disclosed in Note 2.2.

#### Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual periods beginning on or after 1 January 2017. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 *Standards issued but not yet effective*

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 102 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to FRS 40 <i>Transfers of Investment Property</i>	1 January 2018
FRS 109 <i>Financial Instruments</i>	1 January 2018
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 116 <i>Leases</i>	1 January 2019
Improvements to FRSs (December 2016)	
INT FRS 122 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
INT FRS 123 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019

Except for FRS 115, FRS 109 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115, FRS 109 and FRS 116 are described below.

#### FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under FRS. A full retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

The Group is mainly engaged in the development and construction business for specialised marine offshore equipment and marine vessels. The Group has assessed that for most of its projects, performance obligations for the sale of the vessels and equipment will be satisfied over time. Accordingly, the Group does not expect any significant impact to arise from the adoption of FRS 115.

The Group will adopt the new standard on the required effective date using the full retrospective method and apply all the practical expedients available for full retrospective approach under FRS 115 as listed above.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.2 *Standards issued but not yet effective (cont'd)*

##### FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Company to make changes to its current systems and processes.

##### (a) **Classification and measurement**

The Group currently measures its investments in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure the investment at fair value. The difference between the current carrying amount and the fair value as at 31 December 2017, amounting to approximately \$734,000, would be recognised in the opening retained earnings with the corresponding tax impact when the Group applies FRS 109.

For its available-for-sale debt securities, the Group intends to hold the debt instrument to collect contractual cash flows and sell, and accordingly measured at fair value through other comprehensive income when it applies FRS 109. The Group does not expect any significant impact to arise from these changes.

##### (b) **Impairment**

FRS 109 requires the Group and Company to record expected credit losses on all of its debt securities, loans, trade receivables and financial guarantees, either on a 12-month or a lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Group does not expect any significant impact on the loss allowance upon the application of the expected credit loss model.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 *Standards issued but not yet effective (cont'd)*

#### (c) *Transition*

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

#### FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group has performed a preliminary impact assessment of the adoption of FRS 116 and expects that the adoption of FRS 116 will result in increase in total assets, total liabilities and EBITDA.

The Group plans to adopt the new standard on the required effective date by applying FRS 116 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings as at 1 January 2019.

The Group is currently in the process of analyzing the transitional approaches and practical expedients to be elected on transition to FRS 116 and assessing the possible impact of adoption.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 2.3 ***Basis of consolidation and business combinations***

#### (a) ***Basis of consolidation***

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 *Basis of consolidation and business combinations (cont'd)*

#### (b) *Business combinations and goodwill*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the events of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.4 *Foreign currency*

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

##### (a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

##### (b) *Consolidated financial statements*

For consolidation purposes, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

#### 2.5 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.6 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land and building are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Leasehold land and buildings	–	over remaining terms of lease
Leasehold improvements	–	5 to 7 years
Furniture and fittings	–	5 years
Office equipment	–	3 to 5 years
Motor vehicles	–	4 to 5 years
Plant and equipment	–	3 to 10 years
Vessels	–	20 to 25 years

Assets under construction are not depreciated as these assets are not yet available for use.

Fully depreciated assets still in use are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

The carrying value of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.7 *Intangible asset*

##### **Vessel design**

Vessel design is treated as intangible asset and initially capitalised at cost. Vessel design is subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over the useful life of 10 years.

#### 2.8 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.9 *Financial instruments*

#### (a) *Financial assets*

##### **Initial recognition and measurement**

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

##### **Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as follows:

#### (i) *Loans and receivables*

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

#### (ii) *Available-for-sale financial assets*

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

##### **De-recognition**

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.9 *Financial instruments (cont'd)*

##### (b) *Financial liabilities*

###### **Initial recognition and measurement**

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

###### **Subsequent measurement**

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

###### **De-recognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.10 *Impairment of financial assets*

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

#### (a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the profit or loss.

#### (b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on a financial asset carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.10 *Impairment of financial assets (cont'd)*

##### (c) *Available-for-sale financial assets*

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in the profit or loss; increase in fair value after their impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

#### 2.11 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.12 *Inventories*

Inventories, which are made up of mainly materials, components and spares, are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a weighted average method.
- Work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### 2.13 *Provisions*

##### **General**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting period date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

##### **Warranty provision**

Provisions for warranty-related costs are recognised when the product is sold or service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related cost is revised annually.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.14 *Financial guarantee*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in the profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the profit or loss.

### 2.15 *Employee benefits*

#### (a) *Defined contribution plan*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to a defined contribution pension scheme are recognised as an expense in the period in which the related service is performed.

#### (b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

### 2.16 *Leases*

#### *As lessee*

Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.17 *Construction contracts and revenue*

#### (a) *Construction contracts*

The Group principally operates fixed price contracts. Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period (the percentage of completion method), when the outcome of a construction contract can be estimated reliably.

When the outcome of a construction contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue (as defined below) multiplied by the actual completion rate based on the proportion of total contract costs (as defined below) incurred to date to the estimated costs to complete.

Contract revenue – Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue; and they can be reliably measured.

Contract costs – Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract.

Contracts in progress at the balance sheet date are recorded in the balance sheet at cost plus attributable profit less recognised losses, net of progress billings and allowance for foreseeable losses, and are presented in the balance sheet as "Gross amount due from customers for contract work-in-progress" (as an asset) or as "Gross amount due to customers for contract work-in-progress (as liability) as applicable.

Progress billings not yet paid by the customer are included in the balance sheet under "Trade and other receivables". Amounts received before progress billings are included in the balance sheet, as "Trade and other payables".

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.17 *Construction contracts and revenue (cont'd)*

#### (b) **Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

#### (i) **Sales of goods**

Revenue from sales of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customers, usually on delivery of goods.

Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

#### (ii) **Rendering of services**

Revenue from rendering of services is recognised by reference to the stage of completion at the end of the reporting period. Where the contract outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable.

#### (iii) **Interest income**

Interest income is recognised using the effective interest method.

#### (iv) **Dividend income**

Dividend income is recognised when the Group's right to receive payment is established.

### 2.18 **Taxes**

#### (a) **Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in the profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.18 Taxes (cont'd)

#### (b) **Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.18 *Taxes (cont'd)*

##### (c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

#### 2.19 *Share capital and share issue expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

#### 2.20 *Contingencies*

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

### 3.1 *Judgements made in applying accounting policies*

The management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

### 3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### *Impairment testing on vessel*

The Group assesses whether there is any indication of impairment for its vessel as at each reporting date. Impairment is recognised when events and circumstances indicate that the vessel may be impaired and the carrying amounts of the vessel exceed the recoverable amount. The Group determined the recoverable amount of the vessel based on value-in-use calculation. The value-in-use calculation is based on a discounted cash flow model. The future cash flows are forecasted based on time charter of the vessel during its expected useful life. The future cash flows are discounted to their present value using a discount rate that reflects the time value of money.

The Group takes into consideration that any reasonable changes in key assumptions on which the Group has based on to determine the recoverable amount would not cause the carrying amount of the vessel to exceed its recoverable amount.

The carrying amounts of the Group's vessel at 31 December 2017 was \$100,050,000 (2016: Nil).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 4. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

- (i) The marine offshore segment is essentially the Group's principal business activity as manufacturers and providers of specialised marine offshore equipment and services for the oil and gas industry.
- (ii) The investments segment relates to the Group's investments in available-for-sale investments.
- (iii) The corporate segment is involved in Group-level corporate services and treasury functions.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the following table, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments, if any, are on arm's length basis in a manner similar to transactions with third parties.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 4. Segment information (cont'd)

	Marine offshore		Investments		Corporate		Adjustments and elimination		Per consolidated financial statements	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue – external customers	<b>5,002</b>	21,520	–	–	–	–	–	–	<b>5,002</b>	21,520
Results:										
EBITDA *	<b>(3,200)</b>	(4,551)	<b>(387)</b>	(340)	<b>(5,005)</b>	(712)	<b>(1,199)</b>	(1,630)	<b>(9,791)</b>	(7,233)
Depreciation and amortisation	<b>(2,825)</b>	(1,906)	–	(1)	<b>(3)</b>	(4)	–	–	<b>(2,828)</b>	(1,911)
Interest income	<b>12</b>	10	<b>187</b>	219	<b>462</b>	439	–	–	<b>661</b>	668
Inventories and work-in-progress written down	<b>(501)</b>	(1,391)	–	–	–	–	–	–	<b>(501)</b>	(1,391)
Write back for warranty	<b>1,176</b>	645	–	–	–	–	–	–	<b>1,176</b>	645
Segment loss	<b>(5,338)</b>	(7,193)	<b>(200)</b>	(122)	<b>(4,546)</b>	(277)	<b>(1,199)</b>	(1,630)	<b>(11,283)</b>	(9,222)
Segment assets	<b>128,736</b>	117,759	<b>195</b>	6,571	<b>79,942</b>	100,260	–	–	<b>208,873</b>	224,590
Segment liabilities	<b>5,918</b>	8,489	<b>29</b>	24	<b>412</b>	410	–	–	<b>6,359</b>	8,923
Other segment information:										
Purchase of investment securities	–	–	<b>302</b>	315	–	–	–	–	<b>302</b>	315
Additions to non-current assets:-										
Purchase of property, plant and equipment	<b>682</b>	1,998	–	–	<b>7</b>	–	–	–	<b>689</b>	1,998
Transfer from work-in-progress	<b>100,050</b>	–	–	–	–	–	–	–	<b>100,050</b>	–

\* Earnings before interest, taxation, depreciation and amortisation

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 4. SEGMENT INFORMATION (CONT'D)

### Geographical information

Revenue information based on the geographical location of customers is as follows:

	Group	
	2017	2016
	\$'000	\$'000
China	15	5,852
Singapore	1,288	2,122
Middle East	2,608	9,751
Asia Pacific (excluding China and Singapore)	764	3,624
Others	327	171
	<b>5,002</b>	<b>21,520</b>

Except for the Group's available-for-sale investment of \$1,326,000 (2016: \$1,024,000) at 31 December 2017 which is located in Europe, all the assets and capital expenditure of the Group are located in Singapore.

### Information about a major customer

Revenue from one major customer amounted to approximately \$1,418,000 (2016: \$1,995,000), arising from the provision of specialised marine offshore equipment and services.

## 5. REVENUE

	Group	
	2017	2016
	\$'000	\$'000
Project revenue	598	16,109
Sale of spare parts and engineering services	4,404	5,411
	<b>5,002</b>	<b>21,520</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 6. OTHER OPERATING INCOME/(EXPENSES)

	Group	
	2017	2016
	\$'000	\$'000
Interest income from short term deposits and quoted corporate bonds	661	668
Foreign exchange (loss) / gain	(4,039)	1,183
Other sundry income	12	54
Compensation income from a supplier	—	1,703
Rental income	62	—
Impairment of goodwill	—	(7,551)
Amortisation of intangible assets	(22)	—
	<b>(3,326)</b>	<b>(3,943)</b>

## 7. LOSS BEFORE TAX

The following items have been included in arriving at loss before tax:

	Group	
	2017	2016
	\$'000	\$'000
Depreciation of property, plant and equipment	2,806	1,911
Consultancy service fee paid / payable to directors	144	144
Operating lease expenses	1,245	1,428
Inventories and work-in-progress written down	501	1,391
Write back for warranty	(1,176)	(645)
Employee benefits expense (including executive directors):		
– Salaries, wages, bonuses and other costs	5,024	7,117
– Contributions to defined contribution plans	548	835
Audit fees paid to auditors of the Company	176	198
Non-audit fees paid to:		
– Auditors of the Company	11	11
– Other auditors	78	72
Legal and other professional fees	133	100
Allowance for doubtful debts	—	63



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 8. INCOME TAX CREDIT

(a) ***Major components of income tax credit***

The major components of income tax (credit)/expense for the years ended 31 December are:

	Group	
	2017	2016
	\$'000	\$'000
<b>Statement of comprehensive income:</b>		
<i>Current income tax:</i>		
– Current income taxation	–	–
– Over provision in respect of prior years	(413)	(1,312)
	<u>(413)</u>	<u>(1,312)</u>
<i>Deferred income tax:</i>		
– Origination and reversal of temporary difference (Note 14)	(180)	417
	<u>(180)</u>	<u>417</u>
Income tax credit recognised in the statement of comprehensive income	<u>(593)</u>	<u>(895)</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 8. INCOME TAX CREDIT (CONT'D)

### (b) *Relationship between tax credit and accounting loss*

A reconciliation between tax credit and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 December are as follows:

	Group	
	2017 \$'000	2016 \$'000
Accounting loss before tax	(11,283)	(9,222)
Income tax credit at the applicable tax rate of 17% (2016: 17%)	(1,918)	(1,568)
Adjustments for tax effect of:		
Deferred tax assets not recognised	1,907	71
Income not subject to taxation	—	(501)
Tax incentive	(1,185)	(138)
Non-deductible expenses	941	2,573
Over provision in respect of prior years	(413)	(1,312)
Others, net	75	(20)
Income tax credit recognised in profit or loss	(593)	(895)

At the end of the reporting period, the Group has tax losses of approximately \$13,367,000 (2016: \$2,147,000) that are available for offset against future taxable profits of the relevant subsidiary in which the losses arose, for which no deferred tax asset is recognised due to the uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authority and compliance with certain provisions of the tax legislation.

A loss-transfer system of group relief (the "Group Relief System") for companies was introduced in Singapore with effect from year of assessment 2003. Under the Group Relief System, a company belonging to a group of entities may transfer its current year's unabsorbed capital allowances, unabsorbed trade losses and unabsorbed donations (loss items) to another company belonging to the same group, to be deducted against the latter's assessable income.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 9. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing profit for the financial year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are calculated by dividing profit for the financial year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	2017 \$'000	2016 \$'000
Loss for the financial year attributable to owners of the Company used in the computation of basic and diluted earnings per ordinary share	(10,690)	(8,327)
	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares for basic earnings per share computation	202,878	202,878

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 10. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold lands and buildings \$'000	Leasehold improvements \$'000	Assets under construction \$'000	Furniture and fittings \$'000	Office equipment \$'000	Motor vehicles \$'000	Plant and equipment \$'000	Vessel \$'000	Total \$'000
<b>Cost:</b>									
At 1 January 2016	16,740	6,641	217	371	1,171	421	11,830	—	37,391
Additions	—	148	1,556	12	59	—	223	—	1,998
Disposal/write-off	—	—	—	—	(7)	—	(1)	—	(8)
Reclassification	—	1,225	(1,226)	—	—	—	1	—	—
At 31 December 2016 and 1 January 2017	16,740	8,014	547	383	1,223	421	12,053	—	39,381
Additions	—	80	24	—	534	—	51	—	689
Transfer from work-in-progress	—	—	—	—	—	—	—	100,050	100,050
Reclassification	—	560	(571)	—	11	—	—	—	—
At 31 December 2017	<b>16,740</b>	<b>8,654</b>	<b>—</b>	<b>383</b>	<b>1,768</b>	<b>421</b>	<b>12,104</b>	<b>100,050</b>	<b>140,120</b>
<b>Accumulated depreciation:</b>									
At 1 January 2016	7,749	3,904	—	145	664	185	6,668	—	19,315
Depreciation charge for the year	939	746	—	69	287	69	1,502	—	3,612
Disposal/write-off	—	—	—	—	(7)	—	—	—	(7)
At 31 December 2016 and 1 January 2017	8,688	4,650	—	214	944	254	8,170	—	22,920
Depreciation charge for the year	932	1,056	—	71	250	61	1,420	—	3,790
At 31 December 2017	<b>9,620</b>	<b>5,706</b>	<b>—</b>	<b>285</b>	<b>1,194</b>	<b>315</b>	<b>9,590</b>	<b>—</b>	<b>26,710</b>
<b>Net carrying amount:</b>									
At 31 December 2016	8,052	3,364	547	169	279	167	3,883	—	16,461
At 31 December 2017	<b>7,120</b>	<b>2,948</b>	<b>—</b>	<b>98</b>	<b>574</b>	<b>106</b>	<b>2,514</b>	<b>100,050</b>	<b>113,410</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) The Group's leasehold lands and buildings are located at 6 Pioneer Sector 1, Singapore 628418, 10 Jalan Samulun, Singapore 629124 and 12A Jalan Samulun, Singapore 629131.
- (b) Depreciation charge of \$2,806,000 (2016: \$1,911,000) and \$984,000 (2016: \$1,701,000) have been included in the Group's Statement of Comprehensive Income and work-in-progress on inventories, respectively.
- (c) In end 2017, upon the completion of the vessel, the cost was transferred from work-in-progress.

### Impairment testing on vessel

As at 31 December 2017, the Group carried out a review of the recoverable amount of its vessel due to the continued weakness in the oil and gas industry. The recoverable amount of the vessel was based on its value in use and the pre-tax discount rate was 9.5%. As the recoverable amount was computed to be higher than the carrying value, no impairment loss was recorded.

Company	Office equipment \$'000
<b>Cost:</b>	
At 1 January 2016, 31 December 2016 and 1 January 2017	55
Additions	7
At 31 December 2017	<u>62</u>
<b>Accumulated depreciation:</b>	
At 1 January 2016	49
Depreciation charge for the year	4
At 31 December 2016 and 1 January 2017	53
Depreciation charge for the year	3
At 31 December 2017	<u>56</u>
<b>Net carrying amount:</b>	
At 31 December 2016	<u>2</u>
At 31 December 2017	<u>6</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 11. INTANGIBLE ASSETS

Group	Goodwill \$'000	Vessel design \$'000	Total \$'000
<b>Cost:</b>			
At 1 January 2016	7,551	2,440	9,991
Addition during the year	—	105	105
At 31 December 2016 and 1 January 2017	7,551	2,545	10,096
Addition during the year	—	16	16
At 31 December 2017	<b>7,551</b>	<b>2,561</b>	<b>10,112</b>
<b>Accumulated amortisation and impairment:</b>			
At 1 January 2016	—	244	244
Amortisation charge for the year	—	251	251
Impairment loss	7,551	—	7,551
At 31 December 2016 and 1 January 2017	7,551	495	8,046
Amortisation charge for the year	—	256	256
At 31 December 2017	<b>7,551</b>	<b>751</b>	<b>8,302</b>
<b>Net carrying amount:</b>			
31 December 2016	—	2,050	2,050
31 December 2017	<b>—</b>	<b>1,810</b>	<b>1,810</b>

### Impairment loss recognised

In 2016, a full impairment loss which amounted to \$7,551,000 was recognised to write-down the carrying amount of goodwill. The impairment loss of had been recognised in profit or loss under the line item "other expenses".

### **Vessel design**

In 2014, the Group acquired a vessel design and commenced the construction of a liftboat. The construction of the liftboat was completed in 2017. The vessel design impairment assessment under FRS 36 Impairment of Assets is dependent on the recoverable amount of the liftboat (Note 10).

Amortisation charge of \$22,000 (2016: Nil) and \$234,000 (2016: \$251,000) has been included in the Group's consolidated statement of comprehensive income and work-in-progress respectively.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 12. INVESTMENT IN SUBSIDIARIES

	Company	
	2017	2016
	\$'000	\$'000
Shares, at cost	30,000	30,000
Impairment loss	(7,200)	(7,200)
	<b>22,800</b>	<b>22,800</b>

### Impairment testing of investment in subsidiary

In 2016, management has performed impairment assessment on Sea Deep Shipyard Pte. Ltd. which has experienced a significant decline in profits in view of the current uncertainties on the oil and gas industry. Based on assessment of the subsidiary's historical and current performances, the estimated values and probability of future cash flows, management has made an impairment loss of \$7,200,000.

The subsidiaries for the financial year ended 31 December are:

Subsidiaries (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by the Group	
		2017	2016
		%	%
<sup>(1)</sup> Sea Deep Shipyard Pte. Ltd. (Singapore)	Manufacturer and provider of specialised marine offshore equipment and services for the oil and gas industry (Singapore)	100	100
<sup>(1)</sup> Baker Engineering Pte. Ltd. (Singapore)	Design and fabrication of offshore and marine equipment (Singapore)	100	100
<sup>(1)</sup> BT Investment Pte. Ltd. (Singapore)	Investment holding (Singapore)	100	100
<i>Held through Sea Deep Shipyard Pte. Ltd.:</i>			
<sup>(1)</sup> Interseas Shipping (Private) Limited (Singapore)	Manufacturer and provider of specialised marine offshore equipment and services for the oil and gas industry (Singapore)	100	100
<i>Held through Baker Engineering Pte. Ltd.:</i>			
<sup>(1)</sup> BEL Design Pte. Ltd. (Singapore)	Design and engineering of offshore and marine vessels and equipment (Singapore)	100	100



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 12. INVESTMENT IN SUBSIDIARIES (CONT'D)

Subsidiaries (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by the Group	
		2017 %	2016 %

*Held through BT Investment Pte. Ltd.:*

<sup>(1)</sup> BT Titanium Pte. Ltd. (Singapore)	Provision of offshore marine logistics support services (Singapore)	<b>100</b>	100
---	--	------------	-----

*Held through BT Titanium Pte. Ltd.*

<sup>(2)</sup> BT Offshore (Malaysia) Pte Ltd (Malaysia) Incorporated on 30 June 2017	Provision of offshore marine logistic support services (Malaysia)	<b>100</b>	—
---	--	------------	---

<sup>(1)</sup> Audited by Ernst & Young LLP, Singapore

<sup>(2)</sup> Not due for audit in the year of incorporation

### 13. INVESTMENT SECURITIES

	Group and Company	
	2017 \$'000	2016 \$'000
<b>Non-current:</b>		
<i>Available-for-sale financial assets</i>		
– Corporate bonds (quoted) at fair value	<b>1,062</b>	2,293
– Equity securities (unquoted) at cost	<b>1,326</b>	1,024
	<b>2,388</b>	3,317
<b>Current:</b>		
<i>Available-for-sale financial assets</i>		
– Corporate bonds (quoted) at fair value	<b>1,068</b>	3,218

The Group and Company's investment in quoted corporate bonds are denominated in SGD and USD. They bear interest at between 2.500% to 4.625% (2015: 2.500% to 4.625%) p.a. and with maturities ranging from January 2017 to March 2020.

The Group and Company's unquoted equity securities relates to a minority stake in an investment fund company, which was incorporated in Luxembourg. Fair value information has not been disclosed because fair value cannot be measured reliably. These equity instruments are not quoted on any market and do not have any comparable industry peer that is listed.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 14. DEFERRED TAX

Deferred tax as at 31 December relates to the following:

	Consolidated balance sheet		Group Consolidated statement of comprehensive income	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Deferred tax assets:				
Provisions	20	252	232	118
Differences in depreciation for tax purposes	(3)	(4)	(1)	(6)
	<u>17</u>	<u>248</u>		
Deferred tax liabilities:				
Provisions	45	75	30	(34)
Differences in depreciation for tax purposes	(89)	(530)	(441)	339
	<u>(44)</u>	<u>(455)</u>		
Deferred tax expense			<u>(180)</u>	<u>417</u>

### Tax consequence of proposed dividends

There are no income tax consequences attached to the dividends proposed by the Company to the shareholders but not recognised as a liability in the financial statements (Note 28).

## 15. GROSS AMOUNT DUE FROM / (TO) CUSTOMERS FOR CONTRACT WORK-IN-PROGRESS

	Group	
	2017 \$'000	2016 \$'000
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	3,272	3,155
Less: Progress billings and advances	(3,315)	(2,238)
	<u>(43)</u>	<u>917</u>
Presented as:		
Gross amount due from customers for contract work-in-progress	61	1,039
Gross amount due to customers for contract work-in-progress	(104)	(122)
	<u>(43)</u>	<u>917</u>
Retention sums on construction contract included in trade receivables	—	1,391

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 16. INVENTORIES AND WORK-IN-PROGRESS

	Group	
	2017	2016
	\$'000	\$'000
<b>Balance sheet:</b>		
Materials, components and spares	634	473
Work-in-progress	—	84,958
	<b>634</b>	<b>85,431</b>

The cost of the goods sold reported in the statement of comprehensive income substantially relates to materials, components and spares recognised as an expense for the year including inventories and work-in-progress written down amounting to \$501,000 (2016: \$1,391,000).

In 2016, work-in-progress related to the cost of direct materials, direct labour and costs incurred in connection with the liftboat.

### 17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Trade receivables – net	1,702	4,132	—	832
Deposits	63	119	—	—
Downpayment for capital expenditure	—	313	—	—
GST recoverable	153	382	—	77
Sundry receivables	761	651	—	94
Interest receivables	52	86	52	86
Total trade and other receivables	<b>2,731</b>	<b>5,683</b>	<b>52</b>	<b>1,089</b>
Trade and other receivables (excluding GST recoverable and downpayment for capital expenditure)	<b>2,578</b>	<b>4,988</b>	<b>52</b>	<b>1,012</b>
Amount due from subsidiaries (Note 18)	—	—	<b>100,641</b>	93,074
Cash and short-term deposits (Note 19)	<b>86,642</b>	106,956	<b>79,872</b>	99,157
Total loans and receivables	<b>89,220</b>	<b>111,944</b>	<b>180,565</b>	<b>193,243</b>

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 17. TRADE AND OTHER RECEIVABLES (CONT'D)

The Group's trade receivables denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
United States Dollar	<b>1,702</b>	4,132	—	832

#### Receivables that are past due but not impaired

The Group has trade receivables amounting to \$448,000 (2016: \$2,952,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2017 \$'000	2016 \$'000
Trade receivables past due but not impaired:		
Lesser than 30 days	<b>142</b>	643
30 to 60 days	<b>72</b>	1,238
61 to 90 days	<b>31</b>	1,003
More than 90 days	<b>203</b>	68
	<b>448</b>	2,952

#### Receivables that are impaired

The Group's trade receivables that are individually impaired at the end of the reporting period and the movement of the allowance account used to record the impairment is as follows:

	Group	
	2017 \$'000	2016 \$'000
Trade receivables – nominal amounts	<b>63</b>	63
Less: Allowance for impairment	<b>(63)</b>	(63)
	<b>—</b>	—
Movement in allowance account:		
At 1 January	<b>63</b>	35
Charge for the year	—	63
Written off	—	(35)
At 31 December	<b>63</b>	63

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 18. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2017	2016
	\$'000	\$'000
Amount due from:		
Non-trade receivables – nominal amounts	122,141	107,074
Less: Allowance for impairment	(21,500)	(14,000)
	<b>100,641</b>	<b>93,074</b>
Movement in allowance account:		
At 1 January	14,000	–
Charge for the year	7,500	14,000
At 31 December	<b>21,500</b>	<b>14,000</b>
Amount due to:		
Non-trade payables	<b>5,000</b>	<b>5,653</b>

The amounts due from/(to) subsidiaries are unsecured, non-interest bearing and are repayable on demand.

In the current financial year, an impairment loss of \$7,500,000 (2016: \$14,000,000) was recognised in the Company's profit or loss subsequent to an assessment of the carrying amount of the amounts due from subsidiaries.

## 19. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Cash at banks and on hand	28,984	38,205	22,214	30,406
Short-term deposits	57,658	68,751	57,658	68,751
	<b>86,642</b>	<b>106,956</b>	<b>79,872</b>	<b>99,157</b>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one week to three months depending on the immediate cash requirements of the Group and Company, and earn interests at the respective short-term deposit rates ranging from 0.10% to 1.20% (2016: 0.25% to 1.10%) per annum.

Cash and short-term deposits denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
United States Dollar	43,960	39,758	38,659	35,448
Euro	397	480	18	20

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 20. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Trade payables	4,319	4,827	—	856
Other payables	1,485	3,217	412	385
Total trade and other payables	5,804	8,044	412	1,241
Trade and other payables (excluding provision for warranty)	5,413	6,370	412	1,241
Amount due to subsidiaries (Note 18)	—	—	5,000	5,653
Total financial liabilities carried at amortised cost	5,413	6,370	5,412	6,894

Trade payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

In 2016, the Company's trade payable included an amount of \$856,000 due to a subsidiary.

The Group's other payables includes a provision for warranty of approximately \$391,000 (2016: \$1,674,000). During the financial year, the Group wrote back excess provision of approximately \$1,176,000 (2016: \$645,000). In line with the Group's policy as discussed in Note 2.13, the write back of additional provision in 2017 and in 2016 for warranty were resulted from the annual revision.

Trade payables denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
United States Dollar	451	1,320	—	856
Euro	4	344	—	—
Australian Dollar	133	—	—	—

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 21. SHARE CAPITAL

	Group and Company			
	2017		2016	
	No. of shares	\$'000	No. of shares	\$'000
<b>Issued and fully paid:</b>				
At 1 January	<b>202,877,948</b>	<b>108,788</b>	1,014,390,262	108,788
Share consolidation <sup>(1)</sup>	—	—	(811,512,314)	—
At 31 December	<b>202,877,948</b>	<b>108,788</b>	202,877,948	108,788

<sup>(1)</sup> At the Extraordinary General Meeting of the Company held on 22 April 2016, shareholders approved the consolidation of every five (5) existing issued ordinary shares in the share capital of the Company into one (1) consolidated ordinary share ("Share Consolidation"). Following the completion of the Share Consolidation, which became effective on 31 May 2016, the number of ordinary shares of the Company as at 31 December 2016 was reduced to 202,877,948 ordinary shares, after disregarding fractional entitlements.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 22. COMMITMENTS AND CONTINGENCIES

### (a) *Capital commitments*

Capital expenditure contracted for as at the end of the reporting period in respect of property, plant and equipment and unquoted equity securities contracted for but not recognised in the financial statements was \$16,000 and \$291,000 (2016: \$799,000 and \$566,000) respectively.

### (b) *Operating lease commitment – as lessee*

The Group leases its properties and certain equipment under lease agreements that are non-cancellable within a year and contain provisions for rental adjustments. These leases have an average tenure of between five to twelve years with no contingent rent provision included in the contracts. There are restrictions placed on subleasing the leased equipment and properties to third party.

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2017 \$'000	2016 \$'000
Not later than one year	1,073	1,226
Later than one year but no later than five years	4,244	4,880
Later than five years	1,939	3,510
	<u>7,256</u>	<u>9,616</u>

### (c) *Contingent liabilities*

The Company has provided financial support to certain subsidiaries having current liabilities in excess of current assets of \$18,767,000 (2016: \$15,186,000).



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 23. RELATED PARTY TRANSACTIONS

### (a) *Sales and purchase of goods and services*

Other than the related party information disclosed elsewhere in the financial statements, there are no other significant transactions between the Group and related parties who are not members of the Group during the financial year.

### (b) *Compensation of key management personnel*

	Group	
	2017 \$'000	2016 \$'000
Short-term employee benefits	<b>2,488</b>	3,067
Comprise amounts paid / payable to		
– Directors of the Company	<b>1,239</b>	1,240
– Other key management personnel	<b>1,249</b>	1,827
	<b>2,488</b>	3,067

## 24. DIRECTORS' AND EXECUTIVES' REMUNERATION

Directors' remuneration and fees amounted to \$976,000 (2016: \$977,000) and \$263,000 (2016: \$263,000) respectively.

The number of Directors of the Company with remuneration received from the Company and all of its subsidiaries fall within the following bands:

	Company	
	2017	2016
\$500,000 to \$999,999	<b>1</b>	1
\$250,000 to \$499,999	<b>1</b>	1
Below \$250,000	<b>5</b>	5
Total	<b>7</b>	7

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, liquidity risk, credit risk and foreign currency risk. The Group does not speculate in the currency markets or hold or issue derivatives financial instruments. The Board reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks for financial year 2017.

#### ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to movements in market interest rates relates primarily to its short-term deposits.

The Group's policy is to place excess funds with short-term tenure in order to maintain a high level of liquidity. The Group has minimal interest rate risk hence no sensitivity analysis is prepared.

#### ***Liquidity risk***

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain sufficient level of cash and short-term deposits to meet its working capital requirements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### *Liquidity risk (cont'd)*

#### Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	2017 One year or less \$'000	2016 One year or less \$'000
<b>Financial assets:</b>		
Trade and other receivables (excluding GST recoverable and downpayment for capital expenditure)	2,578	4,988
Cash and short-term deposits	86,642	106,956
Total undiscounted financial assets	89,220	111,944
<b>Financial liabilities:</b>		
Trade and other payables (excluding provision for warranty)	5,413	6,370
Total undiscounted financial liabilities	5,413	6,370
Total net undiscounted financial assets	83,807	105,574
<b>Company</b>	<b>2017 One year or less \$'000</b>	<b>2016 One year or less \$'000</b>
<b>Financial assets:</b>		
Trade and other receivables (excluding GST recoverable)	52	1,012
Amount due from subsidiaries	100,641	93,074
Cash and short-term deposits	79,872	99,157
Total undiscounted financial assets	180,565	193,243
<b>Financial liabilities:</b>		
Trade and other payables	412	1,241
Amount due to subsidiaries	5,000	5,653
Total undiscounted financial liabilities	5,412	6,894
Total net undiscounted financial assets	175,153	186,349

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and short-term deposits), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

#### Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	2017		Group		2016
	\$'000	%	\$'000	%	
<b>By country</b>					
Singapore	216	13	2,323	56	
China	—	—	1,031	25	
Middle East	1,432	84	748	18	
Asia Pacific (excluding China and Singapore)	35	2	30	1	
Others	19	1	—	—	
	<b>1,702</b>	<b>100</b>	<b>4,132</b>	<b>100</b>	

At the end of the reporting period, approximately:

- 92% (2016: 94%) of the Group's trade receivables were due from 3 (2016: 4) major customers who are located in Singapore and Middle East.
- A nominal amount of approximately \$63,956,000 (2016: \$88,083,000) relating to a corporate guarantee provided by the Company to banks for its subsidiaries' banking facilities.

#### Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and short-term deposits that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### *Credit risk (cont'd)*

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17 (Trade and other receivables).

### *Foreign currency risk*

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than SGD. The foreign currency in which these transactions are denominated are mainly US Dollars (USD). Approximately 99% (2016: 96%) of the Group's sales are denominated in foreign currencies whilst about 16% (2016: 51%) of costs are denominated in foreign currency. The Group's trade receivable and trade payable balances that are denominated in foreign currencies at the end of the reporting period, as disclosed in Notes 17 and 20 respectively, have similar exposures.

The Group also holds cash and short-term deposits denominated in foreign currencies for working capital purposes. These balances at the end of the reporting period are disclosed in Note 19.

The Group and the Company's investment in quoted corporate bonds that are denominated in USD amount to approximately \$1,877,000 (2016: \$5,260,000).

To minimise foreign exchange risks, the Group practises natural hedging as much as possible. The Group also monitors movement in foreign exchange closely so as to capitalise on favourable exchange rates to convert excess foreign currencies back to SGD where possible.

The Group does not apply hedge accounting for such foreign currency denominated sales and purchases.

### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss net of tax to a reasonably possible change in the USD exchange rate against SGD, with all other variables held constant.

		Group	
		2017	2016
		\$'000	\$'000
		Net loss	Net loss
USD / SGD	– strengthened 3% (2016: 3%)	-1,412	-1,461
	– weakened 3% (2016: 3%)	+1,412	+1,461

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 26. FAIR VALUE OF ASSETS AND LIABILITIES

### (a) *Fair value hierarchy*

The Group categorises fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

### (b) *Assets and liabilities measured at fair value*

	<b>Group and Company</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Non-current:</b>		
<i>Available-for-sale financial assets</i>		
– Corporate bonds (quoted) – at fair value (Level 1)	<b>1,062</b>	2,293
<b>Current:</b>		
<i>Available-for-sale financial assets</i>		
– Corporate bonds (quoted) – at fair value (Level 1)	<b>1,068</b>	3,218

#### Determination of fair value

Quoted equity instruments: Fair value is determined directly by reference to their published market bid price at balance sheet date.

### (c) *Assets and liabilities by classes that are not measured at fair value and whose carrying amounts are reasonable approximation of fair value*

The carrying amounts of the trade receivables, deposits, amount due from/(to) subsidiaries, and trade and other payables are reasonable approximation of fair values, due to their short-term nature.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 26. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

- (d) *Assets and liabilities not measured at fair value and whose carrying amounts are not reasonable approximation of fair value*

	Group and Company	
	2017	2016
	\$'000	\$'000
<b>Non-current:</b>		
<i>Available-for-sale financial assets</i>		
– Equity securities (unquoted)	<u>1,326</u>	<u>1,024</u>

These equity instruments are not quoted on any market and do not have any comparable industry peer that is listed.

## 27. CAPITAL MANAGEMENT

The capital includes cash which is disclosed in Note 19.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating, healthy cash flows and loans and borrowings at an acceptable level in order to support its business and maximise shareholder value.

The Group is not subject to any externally imposed capital requirements.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2017 and 31 December 2016.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 28. DIVIDEND

	<b>Group and Company</b>	
	<b>2017</b>	2016
	<b>\$'000</b>	\$'000
<hr/>		
<b>Declared and paid during the financial year:</b>		
<i>Dividend on ordinary shares:</i>		
– First and final tax exempt (one-tier) dividend for 2016: 1.25 cents # (2015: 0.5 cent *) per share	<b>2,536</b>	5,072
	<hr/>	
<b>Proposed but not recognised as a liability as at 31 December:</b>		
<i>Dividend on ordinary shares, subject to shareholders' approval at the AGM:</i>		
– First and final tax exempt (one-tier) dividend for 2017: Nil (2016: 1.25 cents #) per share	<b>–</b>	2,536
	<hr/>	
* Before share consolidation		
# After share consolidation		

## 29. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 5 March 2018, the Company's subsidiary, BT Titanium Pte. Ltd., increased its paid up capital from \$1 to \$5,000,000.

## 30. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 9 March 2018.



## ANALYSIS OF SHAREHOLDINGS

AS AT 12 MARCH 2018

Number of Ordinary Shares in issue	:	202,877,948
Number of Treasury Shares	:	Nil
Class of Shares	:	Ordinary
Voting Rights	:	One vote per share

### DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	209	3.89	1,697	0.00
100 – 1,000	895	16.67	477,584	0.24
1,001 – 10,000	3,212	59.83	15,018,068	7.40
10,001 – 1,000,000	1,039	19.35	45,176,507	22.27
1,000,001 and above	14	0.26	142,204,092	70.09
<b>Total</b>	<b>5,369</b>	<b>100.00</b>	<b>202,877,948</b>	<b>100.00</b>

### TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	Dr Benety Chang	85,544,577	42.17
2.	Dr Heng Chin Ngor Doris	19,151,771	9.44
3.	Citibank Nominees Singapore Pte Ltd	11,679,300	5.76
4.	DBS Nominees (Private) Limited	5,195,487	2.56
5.	Tan Yang Guan	4,128,554	2.03
6.	Aurol Anthony Sabastian	3,115,134	1.54
7.	OCBC Securities Private Limited	2,326,568	1.15
8.	Lim & Tan Securities Pte Ltd	2,310,560	1.14
9.	UOB Kay Hian Private Limited	1,987,840	0.98
10.	Chiam Toon Chew	1,775,020	0.87
11.	Raffles Nominees (Pte) Limited	1,471,680	0.73
12.	Phillip Securities Pte Ltd	1,280,940	0.63
13.	United Overseas Bank Nominees (Private) Limited	1,184,760	0.58
14.	OCBC Nominees Singapore Private Limited	1,051,901	0.52
15.	ABN Amro Clearing Bank N.V.	936,000	0.46
16.	Pua Beng Soon	790,000	0.39
17.	Diana Sng Siew Khim	761,720	0.38
18.	CGS-Cimb Securities (Singapore) Pte. Ltd.	735,676	0.36
19.	Magheart Pte Ltd	677,500	0.33
20.	Maybank Kim Eng Securities Pte. Ltd.	622,279	0.31
	<b>Total</b>	<b>146,727,267</b>	<b>72.33</b>

# ANALYSIS OF SHAREHOLDINGS

AS AT 12 MARCH 2018

## PUBLIC FLOAT

As at 12 March 2018, approximately 45.41% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

## SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders as at 12 March 2018)

Name of Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Dr Benety Chang <sup>(1)</sup>	85,544,577	42.17	19,151,771	9.44
Dr Doris Heng Chin Ngor <sup>(2)</sup>	19,151,771	9.44	85,544,577	42.17

### Notes:

<sup>(1)</sup> Dr Benety Chang's deemed interests include 19,151,771 shares held by his wife, Dr Doris Heng Chin Ngor.

<sup>(2)</sup> Dr Doris Heng Chin Ngor's deemed interests include 85,544,577 shares held by her husband, Dr Benety Chang.

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual 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 Friday, 27 April 2018 at 10.00 a.m. to transact the following business:

### AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 31 December 2017 together with the Auditors' Report thereon. **(Resolution 1)**
2. To approve the payment of Directors' fees of S\$273,000 for the year ending 31 December 2018 to be paid quarterly in arrears. (2017: S\$262,763) **(Resolution 2)**
3. To re-elect the following Directors, who are retiring by rotation pursuant to Article 104 of the Constitution of the Company:
  - (a) Mr Lim Ho Seng **(Resolution 3)**
  - (b) Dr Benety Chang **(Resolution 4)**
  - (c) Mr Wong Meng Yeng **(Resolution 5)**
4. To re-appoint Messrs Ernst & Young LLP as Auditor of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**
5. To transact any other ordinary business that may properly be transacted at an Annual General Meeting.

### AS SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modifications, the following resolutions, of which Resolution 7 will be proposed as an Ordinary Resolution and Resolution 8 will be proposed as a Special Resolution:

6. That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), the Directors of the Company be authorised and empowered to:
  - (a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or
  - (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force,

## NOTICE OF ANNUAL GENERAL MEETING

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
  - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
  - (ii) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. **(Resolution 7)**

7. That:

- (a) the regulations contained in the new Constitution, submitted to this Annual General Meeting and, for the purpose of identification, subscribed to by the Chairman thereof, be approved and adopted as the new Constitution of the Company in substitution for, and to the exclusion of, the existing Constitution; and
- (b) the Directors of the Company and/or any of them be and are/is hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to this resolution. **(Resolution 8)**

By Order of the Board

Nga Ko Nie  
Company Secretary

Singapore, 4 April 2018

# NOTICE OF ANNUAL GENERAL MEETING

## EXPLANATORY NOTES

- (i) **Ordinary Resolution 2** is to seek approval for the payment of Directors' fees of S\$273,000 for the year ending 31 December 2018 (2017: S\$262,763) to be paid quarterly in arrears. Further details of the Directors' fee framework are set out on page 59 of the Annual Report.
- (ii) **Ordinary Resolution 3** is to re-elect Mr Lim Ho Seng, who will upon re-election, remain as the Chairman of the Board of Directors and a member of the Remuneration Committee, and will be considered non-independent.
- (iii) **Ordinary Resolution 4** is to re-elect Dr Benety Chang, who will upon re-election, remain as Chief Executive Officer of the Company and a member of the Nominating Committee, and will be considered non-independent.
- (iv) **Ordinary Resolution 5** is to re-elect Mr Wong Meng Yeng, who will upon re-election, remain as Lead Independent Director, Chairman of the Nominating Committee and a member of the Audit Committee. Mr Wong will be considered independent.
- (v) **Ordinary Resolution 7** is to empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares, and to issue shares pursuant to such instruments, up to a number not exceeding in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

- (vi) **Special Resolution 8** is to adopt a new Constitution following wide-ranging changes to the Companies Act, Cap. 50 (the "Companies Act") introduced pursuant to the Companies (Amendment) Act 2014 and Companies (Amendment) Act 2017 (the "Amendment Acts"). The new Constitution will consist of the memorandum and articles of association of the Company which were in force immediately before 3 January 2016, and incorporate amendments to (inter alia) take into account the changes to the Companies Act introduced pursuant to the Amendment Acts. Please refer to the Letter to Shareholders dated 4 April 2018 for more details.

## NOTICE OF ANNUAL GENERAL MEETING

### NOTES

1. A member of the Company (other than a Relevant Intermediary\*) entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on his/her behalf. A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.
2. A Relevant Intermediary\* may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified.)
3. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 10 Jalan Samulun, Singapore 629124 not less than 48 hours before the time appointed for holding the Annual General Meeting.

\* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

### PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing, administration and analysis by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

**IMPORTANT:**

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

**PROXY FORM**

(Please see notes overleaf before completing this Form)

I/We, \_\_\_\_\_ NRIC/Passport No./Company Registration No. \_\_\_\_\_ of \_\_\_\_\_ (Address)

being a member/members of **BAKER TECHNOLOGY LIMITED** (the "**Company**"), hereby appoint:

Name	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or failing him/her, the Chairman of the Annual General Meeting (the "**Meeting**") as my/our proxy/proxies to vote for me/us on my/our behalf at the Meeting of the Company to be held at Nautica II, Level 2, Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887 on Friday, 27 April 2018 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/their discretion. Resolutions put to vote at the Meeting shall be decided by poll.

(If you wish to exercise all your votes "For" or "Against", please indicate your vote with a [X] within the box provided. Alternatively, please indicate the number of votes as appropriate.)

No.	Resolutions relating to:	For	Against
	<b>ORDINARY BUSINESS</b>		
1.	Adoption of Directors' Statement and Audited Financial Statements for the year ended 31 December 2017		
2.	Approval of Directors' fees of S\$273,000 for the year ending 31 December 2018		
3.	Re-election of Mr Lim Ho Seng as a Director		
4.	Re-election of Dr Benety Chang as a Director		
5.	Re-election of Mr Wong Meng Yeng as a Director		
6.	Re-appointment of Messrs Ernst & Young LLP as Auditor		
	<b>SPECIAL BUSINESS</b>		
7.	Authority to issue shares		
8.	Adoption of the new Constitution		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2018

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature of Member(s)/  
Common Seal of Corporate Shareholder

**Notes: See overleaf**

## NOTES TO PROXY FORM

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 81SF of Securities and Future Act, Chapter 289), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member of the Company (other than a Relevant Intermediary\*), entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.
3. Where a member (other than a Relevant Intermediary\*) appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A Relevant Intermediary\* may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified)
5. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
6. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 10 Jalan Samulun, Singapore 629124 not less than 48 hours before the time appointed for the Meeting.
7. 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 either under its common seal or under the hand of an attorney or duly authorised officer. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
8. 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 Meeting, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
9. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

\*A Relevant Intermediary means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under the Central Provident Fund Act, Chapter 36 of Singapore, providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

## GENERAL

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

## PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 4 April 2018.





# THE BEST IN US

**BAKER  
TECHNOLOGY  
LIMITED**

10 Jalan Samulun  
Singapore 629124  
Tel (65) 6262 1380  
Fax (65) 6262 2108  
[www.bakertech.com.sg](http://www.bakertech.com.sg)

**BAKER**  
**Technology**  
**limited**

