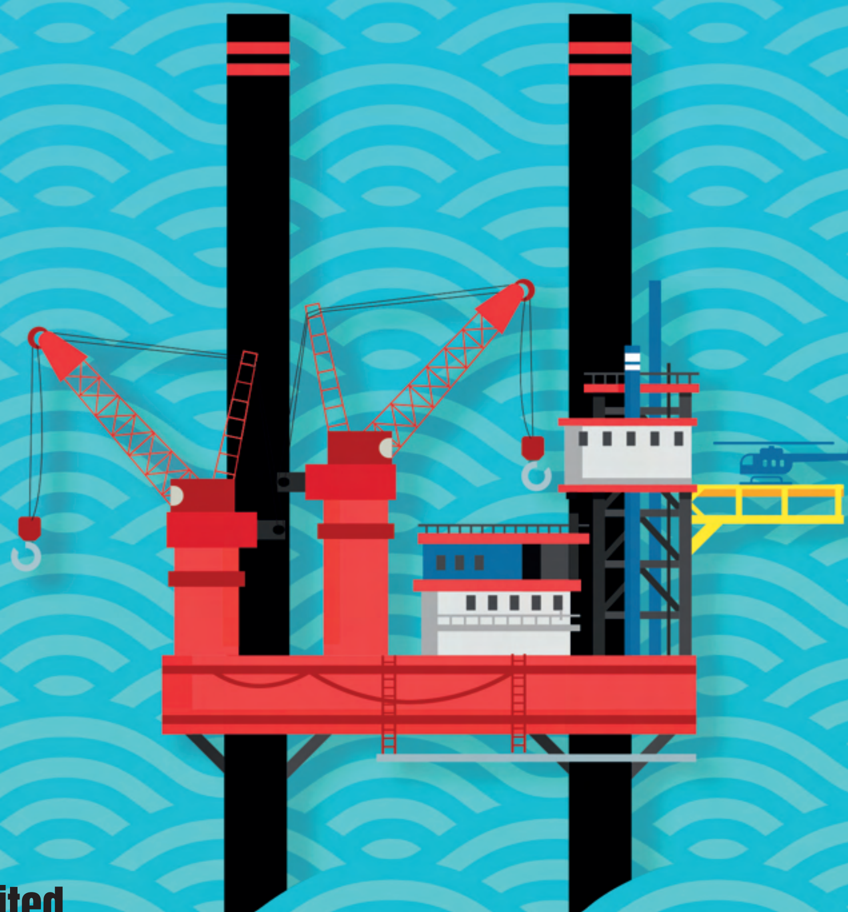
STANDING STRONG



Baker Technology Limited

Annual Report 2020

Vision:

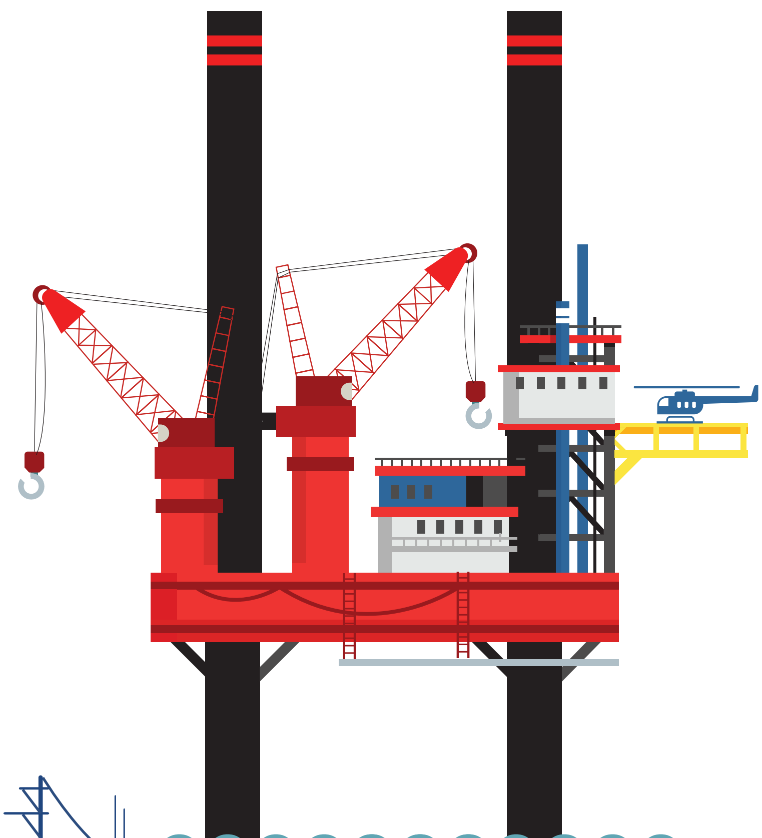
To strive for sustainable growth through innovation, diversification and organisational excellence, while staying committed to safeguarding stakeholders' interests and the Group's assets in order to deliver long-term value and growth to our shareholders

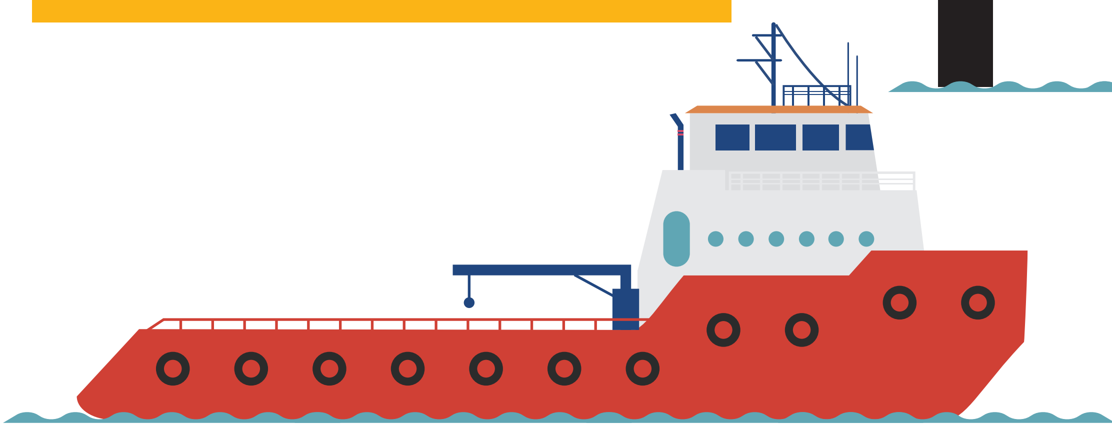
Mission:

To be a leading provider of specialised equipment and services to the oil and gas sector, offering advanced and innovative products and value-added business solutions for the diverse and specific needs of our global customers

Baker Technology Limited ("Baker Tech"), together with its subsidiaries (the "Group"), is a leading manufacturer and provider of specialised marine offshore equipment and services, focused on the offshore oil and gas industry.

The Group's core business is in the design, construction, operation and chartering of mobile offshore units and offshore supply vessels, along with the design and construction of a wide range of critical equipment and components for the offshore marine industry. These include offshore pedestal cranes, anchor winches, skidding systems, jacking systems and raw water tower structures. It also provides engineering services, and other services such as project management, quality assurance and construction supervision.





KEY MILESTONES

2000

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

JULY
Name changed to Baker Technology Limited

2004

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

2005

OCTOBER
Winner of Singapore Corporate Governance Merit Award (SESDAQ) at SIAS Investors' Choice Award

2006

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

2007

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

2008

APRIL
Acquired 100% of Sea Deep Shipyard Pte. Ltd.

OCTOBER
Upgraded to SGX-ST Mainboard

2009

APRIL
Winner of Best Managed Board (Merit)* in the Singapore Corporate Awards

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

2010

APRIL
Winner of Best Managed Board (Silver)* 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

2011

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

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

2012

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)* at the Singapore Corporate Awards

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

2013

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)* 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.

2014

FEBRUARY
Incorporation of indirect wholly owned subsidiary – BEL Design Pte. Ltd.

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

2015

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

2016

JULY
Winner of Merit (Most Improved Category) Award at SIAS Investors' Choice Award

OCTOBER
Incorporation of wholly-owned subsidiary – BT Titanium Pte. Ltd.

2017

JUNE
Incorporation of wholly-owned subsidiary – BT Offshore (Malaysia) Pte Ltd

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

Transparency (Small & Mid Cap) Award winner at the SIAS Investors' Choice Award

2018

APRIL
Naming ceremony of Baker Engineering's Blue Titanium liftboat

MAY
Incorporation of wholly-owned subsidiary – BT Offshore (B) Sdn Bhd

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

Acquired 52.72% stake in CH Offshore Ltd. (54.98% as of 7 September 2018)

2019

SEPTEMBER
Winner of Transparency (Small & Mid Cap) Award at the SIAS Investors' Choice Award

AUGUST
Incorporation of wholly-owned subsidiary – BT OSV 1 Pte. Ltd.

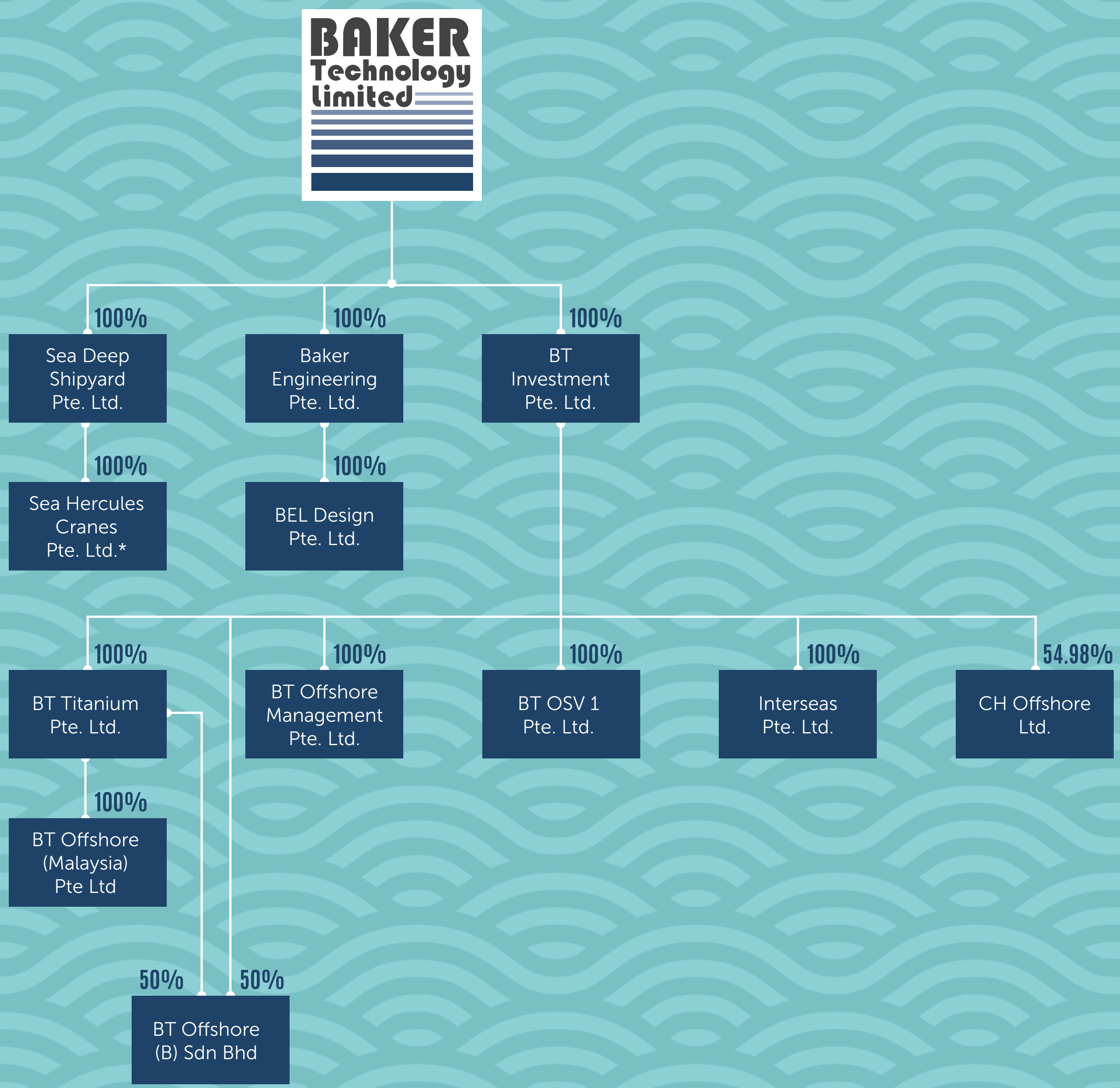
SEPTEMBER
Incorporation of wholly-owned subsidiary – BT Offshore Management Pte. Ltd.

OCTOBER
Incorporation of wholly-owned subsidiary – Interseas Pte. Ltd.

Wholly-owned subsidiary – Interseas Shipping (Private) Limited underwent a name change and is now known as Sea Hercules Cranes Pte. Ltd.

** For companies with market capitalisation of less than S$300 million*

CORPORATE STRUCTURE



** formerly known as Interseas Shipping (Private) Limited.*

CORPORATE INFORMATION

Board of Directors
Chairman
Wong Meng Yeng (Independent)

Executive
Jeanette Chang (Chief Executive Officer)
Dr Benety Chang

Non-Executive
Tan Yang Guan
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
Jeanette Chang

Remuneration Committee
Han Sah Heok Vicky (Chairman)
Ang Miah Khiang
Wong Meng Yeng

Company Secretary
Lim Mee Fun

Registered Office
10 Jalan Samulun
Singapore 629124
Tel: (65) 6262 1380
Fax: (65) 6262 2108
Website: www.bakertech.com.sg

Share Registrar
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

Auditor
Ernst & Young LLP
Public Accountants & Certified Public Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583

Audit Partner-in-charge
Yee Woon Yim
(appointed since financial year ended 31 December 2019)

Principal Bankers
Standard Chartered Bank
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

Steadfast commitment to stakeholders
We recognise the need to be accountable and transparent to build trust with our stakeholders

Championing good corporate citizenry
We adopt a holistic approach to stay committed to delivering sustainable value to our stakeholders

RESILIENT IN ADVERSITY

Working Together To Overcome New Challenges

In a year impacted by a global pandemic, we remained resilient by staying innovative and united in spirit. As an essential business, we developed new ways of working and leveraged on technology to facilitate operations and support our customers as well as business partners, working as one to navigate turbulent waters.

CHAIRMAN'S MESSAGE

Dear Shareholders,

On behalf of the Board of Directors ("Board"), I am pleased to present the Annual Report of Baker Technology Limited ("Baker Tech") and its subsidiaries (the "Group") for the financial year ended 31 December 2020 ("FY2020").

2020 has truly been an extraordinary year. The Covid-19 pandemic has wrought unprecedented disruption to economies, tourism and travel worldwide. Lockdowns and the closure of borders were (and in some cases continue to be) de rigeur in many countries. This has resulted in many industries facing hitherto unimaginable challenges. The pandemic has forced many businesses to suspend their operations and to re-evaluate their business models and in some cases, companies which are household names reporting historic losses or closing altogether. Thankfully, multiple budgets through 2020 have provided significant monetary support to companies and residents in Singapore to tide them through this difficult time.

Global oil demand was not spared and was severely impaired in 2020. The near halting of all international travel and the increase in working from home ("WFH") had reduced the demand for oil. Road transport consumed more than 40% of all oil demand in 2019 and a decade worth of growth in this sector has all but been wiped out in 2020[1]. This sharp reduction in oil demand and the concomitant excess supply resulted in the price of US crude oil (WTI) turning negative for the first time in history in circa April 2020[2]. This negative spike in oil prices was short-lived, bouncing back quickly. In 2020, WTI Crude oil traded between – US$37.63 to US$63.27/bbl ending the year at US$52.20/bbl while Brent Crude Oil traded between US$19.33 to US$68.91/bbl ending the year at US$51.80/bbl.

Global economies and ergo oil demand are anticipated to start recovering in 2021 with the rolling out of vaccines. The pace of recovery will in turn be impacted by the efficiency and efficacy of vaccination programmes globally with the result that prognostications have put pre-Covid-19 normalcy to be a few years away.

Aside from Covid-19 related impacts, in the change of US presidents is expected to see marked changes in government policies in the upcoming months.

Impact of Covid-19

During the Circuit Breaker period in Singapore in April/May 2020, Baker Tech Group was deemed an essential service and so was permitted to carry on operating onsite but with as many employees working from home as possible. Strict Safe Management Measures ("SMM") were implemented to protect the health of our employees. For a period of time, the bulk of our foreign workers were restricted within their dormitories and only a small number were able to work as they had been segregated prior to the dormitory lock down. In addition, most of our Malaysian employees were also impacted by Malaysia's Movement Control Order and were unable to return to Singapore to work. Our production levels, like other manufacturing or construction companies, fell with the reduction in available manpower. This, together with fewer market enquiries and the delayed award (and in some cases cancellation) of projects that were in the pipeline, has impacted our financials negatively. The increased costs of implementing SMM, though mitigated by the valuable support measures as announced by the Government of Singapore, have also weighed on our financials.

As a matter of prudence, we have, where relevant, given our clients notices of force majeure and have worked / are working closely with them to complete and deliver all outstanding work. Our clients have also typically faced delays on their side and so a delay in our fabrication deliverables has not impacted them significantly.

The impact of Covid-19 on the supply chain side of our fabrication business has not been significant save for manpower in relation to sub-contractors whom we work closely with. They, like us, have been suffering from reduced manpower. We have therefore enlarged our sub-contractor base to reduce manpower shortages. On the chartering side, the strict border controls and significant reduction in flights have caused some difficulties mainly with crew changes, logistics of obtaining provisions, spares and repairs as well as conducting inspections. Where possible, some of these difficulties have been overcome by sourcing items, labour and

[1] *BloombergNEF, Oil Demand from Road Transport: Covid-19, June 11, 2020*
[2] *Nathaniel Lee, CNBC, How negative oil prices revealed the dangers of the futures market, June 16, 2020*

crew locally where our vessels are operating and also moved online where possible (e.g. online inspections).

With the numerous improvements to the SMM over the months, our Group has managed to adapt and implement new procedures to meet all Covid-19 requirements and keep within the restrictions. In fact, we have received positive feedback on our implementation of the SMM from the various inspectors from regulatory agencies.

Financial Performance Review

As we continue to navigate through the challenging environment presented by the ongoing Covid-19 pandemic, we have leveraged on our inherent strengths while conserving our costs effectively. Group revenue for FY2020 remained resilient at $63.2 million, a 2% drop from FY2019. Charter income fell as certain vessels were off hire during the first half of FY2020 and this was ameliorated by the increase in fabrication revenue.

Against the difficult backdrop of Covid-19, the Group recorded a $25.9 million net loss for FY2020 as compared to a net loss of $17.9 million in FY2019. The losses were attributed to lower margins being recorded for both fabrication projects and chartering activities and exacerbated by higher losses incurred by CHO as a result of vessel impairment charges of $11.7 million, allowance for trade receivables and loan to associates of $4.6 million and a $2.2 million loss from the disposal of vessels.

After taking into account non-controlling interests, the Group's net loss attributable to shareholders stood at $13.8 million for FY2020 as compared to a net loss of $9.4 million incurred in FY2019. Although Covid-19 has negatively impacted the Group's financials, with a conservative financial strategy, the Group is able to maintain a strong balance sheet with $44.3 million of cash on its balance sheet and only working capital debts. This conservative strategy has served us well in previous down cycles and continues to play an important role during this difficult period.

Outlook

For FY2021, we do not expect any dramatic easing of the restrictions in relation to travel and even working from home, the vaccination programmes around the world notwithstanding.

Saudi Arabia, in early 2021, announced that it would unilaterally cut 1 million barrels per day of crude oil production in Q1 2021. This was in addition to the reduced production levels on which OPEC had previously agreed. This could result in a short-term upward pressure on brent crude oil prices. However, for the rest of 2021, high global oil inventory levels and spare production capacity will likely militate against any upward price movements. We are also seeing more countries turn to renewable energy sources including offshore wind turbines as they sign up to the Paris Agreement and its targets. The increasing demand for energy is likely to be met by an acceleration in wind and solar power expansion which could produce circa 56% of the global electricity by mid-century while oil demand is expected to peak in circa 2035, potentially falling to 2018 levels in 2050. The main drivers of oil demand will continue to come from the aviation, shipping and petrochemicals sectors.[3] So while we continue to focus on the oil and gas sector, we are also diversifying into the renewables space. Currently some of our revenue is generated within the wind farm sector and we expect to see an increasing proportion in coming years.

With the pandemic still a tour de force and the attendant uncertainties it foments, FY2021 will not be a year for the faint-hearted. We will continue to be conservative and prudent in managing our operations while building on our strengths and staying nimble to adapt to remain sustainable and relevant in the long term.

Sustainability

Our steadfast commitment to our stakeholders, the holistic adoption of our business continuity plans while championing good corporate citizenry are seeing us through this pandemic, raising opportunities along the way to emerge stronger than before. As a Group, it is important for us to stay committed to delivering sustainable value to all our stakeholders in an environmentally responsible manner. We have an obligation to always act with an ever present consciousness of any negative impact to the environment as well as to the climate in order to sustain a resilient business ensuring long-term growth.

As a part of our sustainability journey, we regularly assess our economic, environmental, corporate governance and social risks across all our operations taking into consideration key focus areas for our sector which include business ethics and human rights, talent development and staff retention and greenhouse gas emission.

With the gradual opening of Phase 3, we continue to work closely with relevant government agencies and implement improvements to the SMM at our workplaces that include more frequent Rostered Routine Testing for production employees, early vaccination for at-risk marine workers and higher standards of disinfection to safeguard the health of all those who work on our premises. Notwithstanding, we must stay vigilant and be prepared to respond to all eventualities that FY2021 may bring.

In Appreciation

In these uncertain and challenging times, on behalf of the Board, our heartfelt gratitude and sincere appreciation goes out to the management and staff for their unstinting dedication and proactive response to the rapid changes around us. To our shareholders, valued customers, suppliers, investors and business associates, thank you for your continued trust and unrelenting support through the years and especially through these tough times. Lastly, I would also like to thank my fellow Board members for their wise counsel and guidance as we see through this pandemic together and look forward to better times.

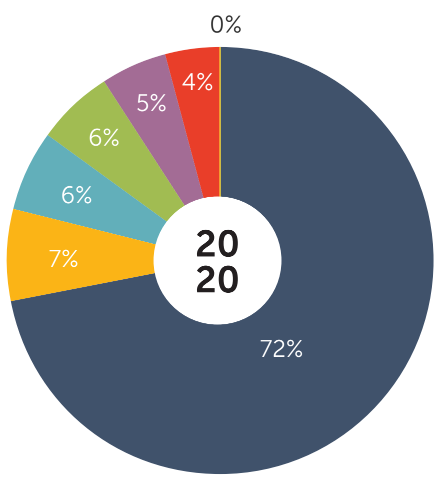
Wong Meng Yeng
Board Chairman, Independent Director

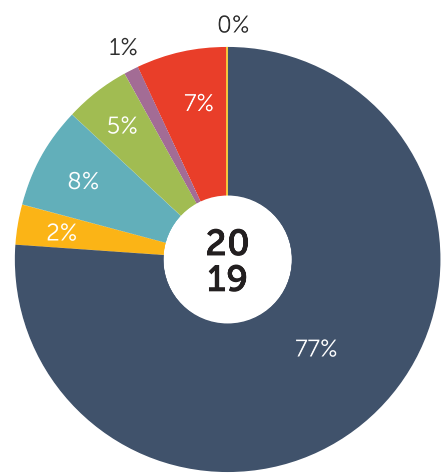
[3] *Adrian Stoica, Energy Industry Review, World remaining reliant on gas and petroleum products by 2050, Nov 23, 2020*

OPERATING REVIEW

The Group continues to focus on the **marine offshore segment of the oil and gas industry.**

The Group derived its revenue solely from the marine offshore segment. About **72% of the revenue** was from the Asia Pacific (excluding China and Singapore) region as its liftboat, Blue Titanium, as well as the CHO vessels were mainly deployed in Southeast Asia.





Revenue By Geographical Area

	2020 $'000	2019 $'000
Asia Pacific (excluding China and Singapore)	**45,688**	49,699
Singapore	**4,182**	1,629
Africa	**3,810**	5,108
Americas	**3,787**	2,960
Europe	**3,236**	761
Middle East	**2,415**	4,259
China	**46**	66
	63,164	**64,482**

FINANCIAL REVIEW

Income Statements

	2020 $'000	2019 $'000	Changes %	Explanatory Notes
Revenue	63,164	64,482	-2%	
Cost of sales	(54,332)	(47,222)	+15%	
Gross profit	8,832	17,260	-49%	Lower gross margin reported for both fabrication and chartering activities in 2020
Gross profit margin	14%	27%		
Other income / (expenses):				
Interest income	249	658	-62%	
Grant income	2,647	-	NM	Relates to the receipt of various governmental relief for Covid-19 in 2020
Loss on disposal of assets	(2,230)	(424)	NM	Mainly due to the disposal of smaller BHP vessels by CHO
Foreign exchange losses	(1,220)	(567)	+115%	Higher losses mainly due to the weakening of USD against SGD during the year
Impairment of vessels	(11,712)	-	NM	Relates to CHO's vessels due to the continued weakness in the oil and gas industry
Impairment on loan to an associate	(1,605)	-	NM	Relates to CHO's 49% – owned Indonesian associate due to increased uncertainty in collection
Other sundry income / (expenses)	48	86	-44%	
Administrative expenses	(20,128)	(28,051)	-28%	Reduction mainly due to lower provision for brokers' commission in 2020 following the final settlement of the three shipbrokers arbitration case against CHO
Finance cost	(788)	(929)	-15%	
Share of results of associate	-	(4,953)	-100%	No further share of losses from associate due to the capping of the loss in 2019
Loss before tax	(25,907)	(16,920)	+53%	
Income tax expenses	(26)	(1,021)	-97%	Income tax expenses for 2020 were mainly current year taxation and under provision for prior years but partially offset by the reversal of deferred taxation. For 2019, it was mainly under provision of current taxation for prior years
Loss after tax	(25,933)	(17,941)	+45%	
Attributable to:				
Owners of the Company	(13,797)	(9,392)	+47%	
Non-controlling interests	(12,136)	(8,549)	+42%	Due to share of higher losses by CHO
	(25,933)	(17,941)	+45%	

Cash Flows

	2020 $'000	2019 $'000	Changes %	Explanatory Notes
Cash from operating activities	2,614	15,289	-83%	Reduction mainly due to lower contribution from both fabrication and chartering activities in 2020 as well as the final settlement of the three shipbrokers arbitration case against CHO of $7.2 million
Cash (used in) / from investing activities	(2,948)	3,968	NM	Attributable to higher CAPEX of $6.7 million spent in 2020, primarily for CHO's vessels
Cash from / (used in) financing activities	478	(2,518)	NM	Improvement mainly due to proceeds from additional bank borrowings during 2020
Net increase in cash & cash equivalents	144	16,739	-99%	
Effect of exchange rate changes on cash & cash equivalents	(1,050)	(437)	+140%	Mainly due to the weakening of USD against SGD during 2020
Cash & cash equivalents at beginning of year	45,222	28,920	+56%	
Cash & cash equivalents at end of year	44,316	45,222	-2%	

NM denotes Not Meaningful

FINANCIAL REVIEW

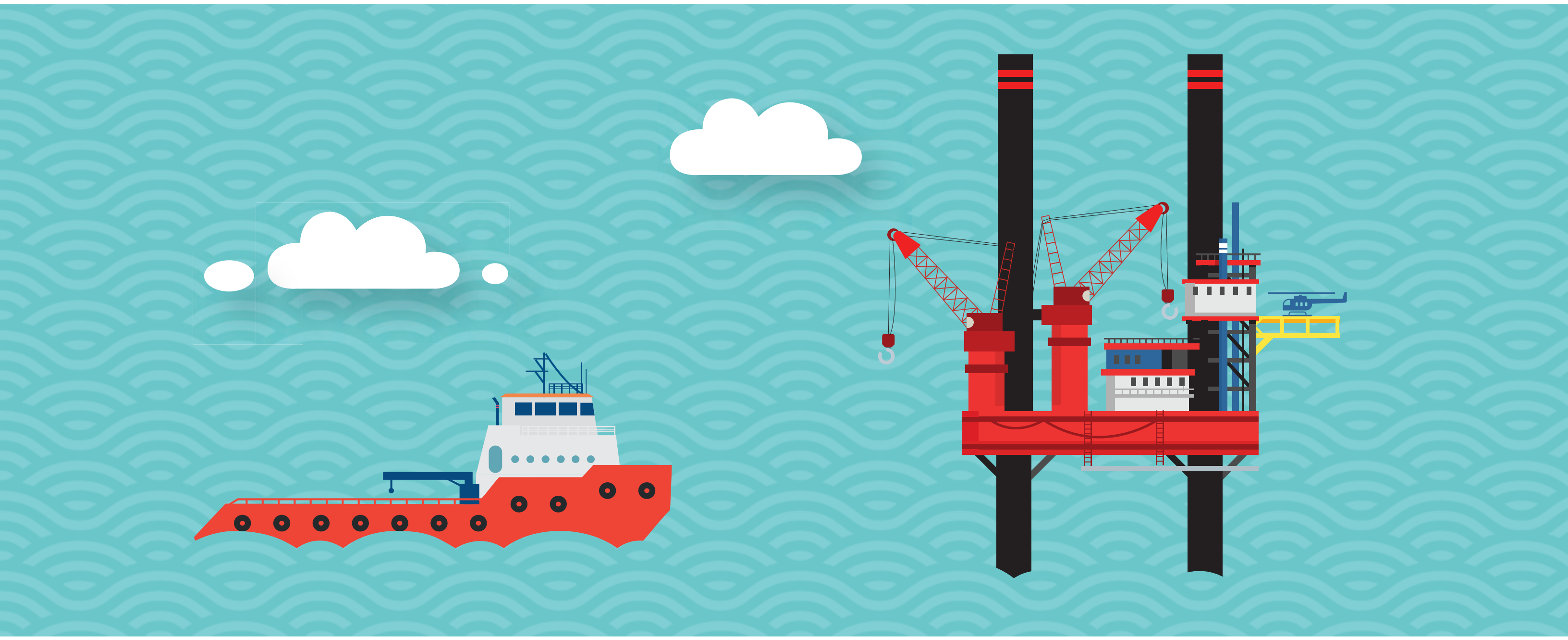
Balance Sheets

	2020 $'000	2019 $'000	Changes %	Explanatory Notes
Non-current assets				
Property, plant & equipment	180,310	209,759	-14%	Reduction due to depreciation charge and impairment charge for the vessels and disposal of vessels, partially offset by CAPEX on vessels during the year
Right-of-use assets	4,324	5,465	-21%	Reduction due to depreciation charge for the year
Intangible assets	1,034	1,293	-20%	
Investment securities	2,513	2,173	+16%	
	188,181	218,690	-14%	
Current assets	75,323	78,015	-3%	Reduction mainly in trade receivables and loan receivables from an associate due to additional impairment charges during the year
Current liabilities	(22,299)	(27,613)	-19%	Reduction mainly due to the final settlement of the three shipbrokers arbitration case against CHO in 2020
Net current assets	53,024	50,402	+5%	
Non-current liabilities				
Deferred tax liabilities	(4,417)	(5,519)	-20%	Decrease due to reversal of liabilities during the year from impairment of vessels
Loans and borrowings	(7,549)	(6,553)	+15%	Increase due to proceeds from additional bank loan
Provision	(1,550)	(1,550)	-	
	(13,516)	(13,622)	-1%	
Net assets	227,689	255,470	-11%	
Share capital	108,788	108,788	-	
Retained earnings	83,790	98,601	-15%	Reduction due to net losses recorded for the year and dividend paid to shareholders for FY2019
Other reserves	1,475	1,941	-24%	
Shareholders' equity	194,053	209,330	-7%	
Non-controlling interests	33,636	46,140	-27%	Relates to the minority share of losses reported by CHO in 2020
Total equity	227,689	255,470	-11%	

NM denotes Not Meaningful

Half Yearly Results

	1H $'000	2H $'000	Full Year $'000
Revenue			
2020	31,686	31,478	63,164
2019	37,220	27,262	64,482
Loss after tax			
2020	(3,313)	(22,620)	(25,933)
2019	(2,234)	(15,707)	(17,941)
Loss after tax (excluding impairment of vessels)			
2020	(3,313)	(10,908)	(14,221)
2019	(2,234)	(15,707)	(17,941)
Loss attributable to Owners of the Company			
2020	(2,354)	(11,443)	(13,797)
2019	1,923	(11,315)	(9,392)



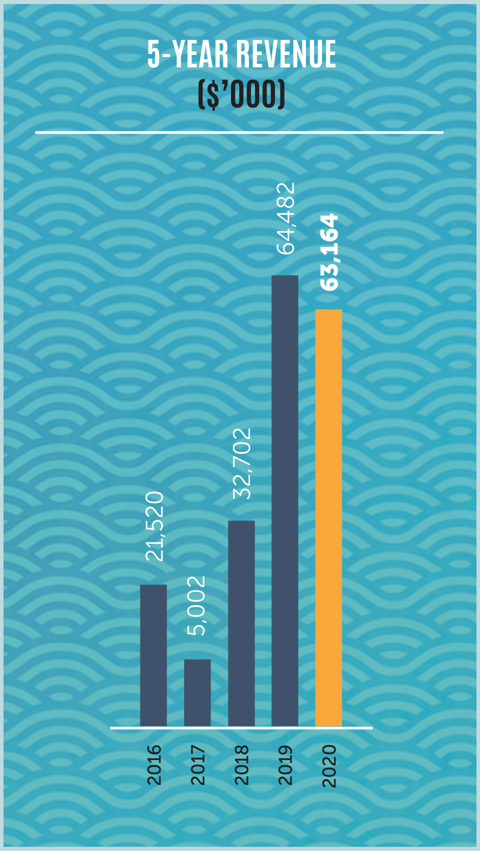
The Covid-19 pandemic has severely impacted the oil and gas industry with significantly lower oil demand resulting in a large supply-demand imbalance. With lower exploration activity, our vessel utilisation rate has decreased in FY2020. Coupled with increased crew cost due to higher medical test costs, quarantine costs and air travel cost, margins from chartering were adversely impacted in FY2020. However, the impact was partially cushioned by the receipt of various governmental relief for Covid-19 which amounted to about $2.6 million. The Group's cash and short term deposits remained healthy at $44.3 million as at 31 December 2020, allowing us to weather the challenging times ahead.

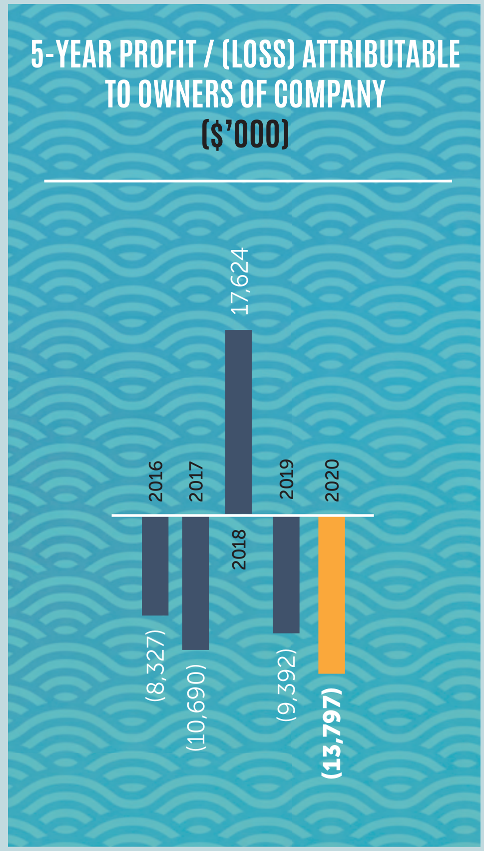
Despite the disruptions due to the global Covid-19 pandemic, Group revenue for FY2020 remained relatively resilient at $63.2 million, a 2% drop from FY2019. This was attributable to lower charter income but partially offset by higher fabrication revenue. Lower revenue was reported in 2H2019 as certain vessels were off hired for regular maintenance.

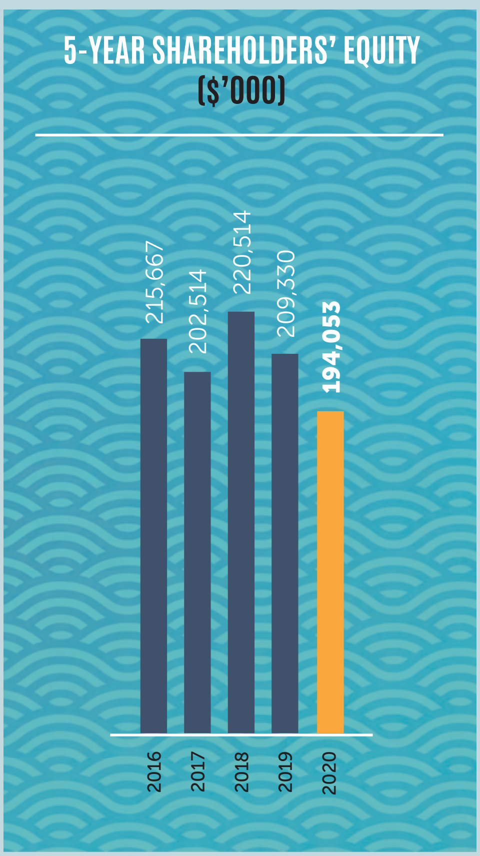
Excluding the impact from the impairment of vessels, the Group would have reported loss after tax of $14.2 million for FY2020, as compared to loss after tax of $17.9 million for FY2019. On the same basis, higher loss after tax would be reported in 2H2019 as compared to 2H2020 as vessel operating expenses including depreciation continued to be incurred during off hire maintenance periods.

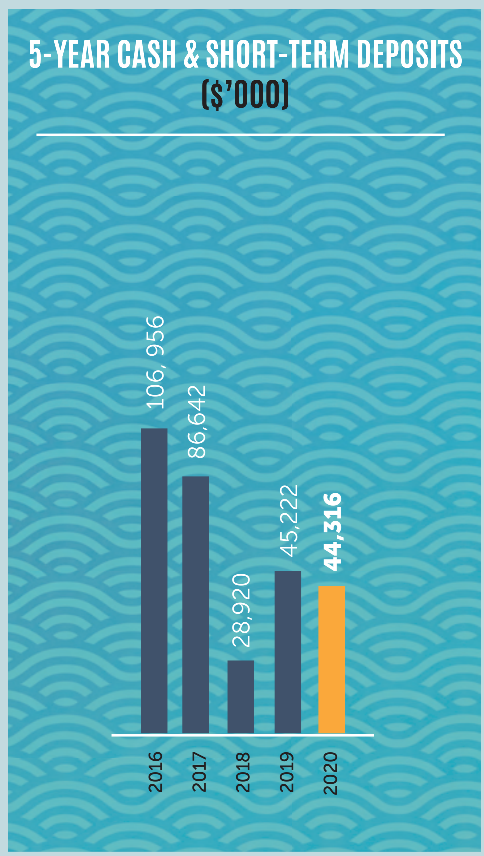
FIVE-YEAR FINANCIAL HIGHLIGHTS

	2016	2017	2018	2019	2020
Financial Performance ($'000)					
Revenue	21,520	5,002	32,702	64,482	63,164
Gross profit	5,671	2,619	9,376	17,260	8,832
Share of results from associates	-	-	(3,101)	(4,953)	-
Bargain purchase gain	-	-	24,709	-	-
Pre-tax profit / (loss)	(9,222)	(11,283)	14,453	(16,920)	(25,907)
Profit / (loss) after tax	(8,327)	(10,690)	14,315	(17,941)	(25,933)
Profit / (loss) for the year attributable to Owners of the Company	(8,327)	(10,690)	17,624	(9,392)	(13,797)
Financial Position ($'000)					
Total assets	224,590	208,873	304,579	296,705	263,504
Cash and short-term deposits	106,956	86,642	28,920	45,222	44,316
Net current assets	194,046	84,933	42,953	50,402	53,024
Loans and borrowings	-	-	12,514	16,065	17,557
Shareholders' equity	215,667	202,514	220,829	209,330	194,053
Non-controlling interests	-	-	55,280	46,140	33,636
Per Share Data (cents)					
Earnings per share	(4.1)	(5.3)	8.7	(4.6)	(6.8)
Diluted earnings per share	(4.1)	(5.3)	8.7	(4.6)	(6.8)
Ordinary dividend per share	1.25	-	0.50	0.50	-
Cash per share	52.7	42.7	14.3	22.3	21.8
Net asset per share	106.3	99.8	108.8	103.2	95.7


5-YEAR REVENUE
($'000)
21,520
5,002
32,702
64,482
63,164
2016
2017
2018
2019
2020


5-YEAR PROFIT / (LOSS) ATTRIBUTABLE TO OWNERS OF COMPANY
($'000)
(8,327)
(10,690)
17,624
(9,392)
(13,797)
2016
2017
2018
2019
2020


5-YEAR SHAREHOLDERS' EQUITY
($'000)
215,667
202,514
220,514
209,330
194,053
2016
2017
2018
2019
2020


5-YEAR CASH & SHORT-TERM DEPOSITS
($'000)
106, 956
86,642
28,920
45,222
44,316
2016
2017
2018
2019
2020

FIVE-YEAR FINANCIAL PERFORMANCE

	2016	2017	2018	2019	2020
Return on shareholders' equity	-4%	-5%	5%	-7%	-11%
Return on assets	-4%	-5%	5%	-6%	-10%
Dividend cover	-3.3%	N/A	17.4%	-9.3%	N/A
Number of shares on issue ('000)	202,878	202,878	202,878	202,878	202,878
Highest / lowest share price (cents)	99.5 / 54.5	76.0 / 56.0	64.0 / 42.5	53.5 / 36.0	40.5 / 18.0
Year-end share price (cents)	61.5	63.0	43.0	38.0	23.5
Year-end market capitalisation ($'m)	124.7	127.8	87.2	77.1	47.7

2020

Despite the impact from Covid-19, Group revenue remained relatively flat at $63.2 million for FY2020. However, in view of the continued weakness in the oil and gas industry, the Group recorded impairment loss for the CHO vessels of $11.7 million, impairment on loan to CHO's associate of $1.6 million and allowance for expected credit losses of $3.0 million. As a result, the Group reported net loss after non-controlling interests of $13.8 million for FY2020.

The Group's cash position now stands at $44.3 million as at 31 December 2020, or 21.8 cents per share.

2019

Group revenue increased 97% from $32.7 million in 2018 to $64.5 million in 2019 mainly due to a full-year impact from CHO. However, as charter rates remained soft during the year, the Group reported net loss after non-controlling interests of $9.4 million for FY2019. The higher share of losses from CHO's Indonesian associated company from losses on vessel disposal and provision for brokers' commission, following the results of the arbitration proceedings brought by three ship brokers against CHO during the year, contributed to the net loss.

However, the Group's cash position remained healthy and stood at $45.2 million as at 31 December 2019, up 56% from $28.9 million a year ago.

2018

Group revenue improved from $5.0 million in 2017 to $32.7 million in 2018 mainly due to the deployment of the liftboat in the second quarter of 2018 and the impact from the acquisition and consolidation of 54.98% equity interest in CHO (for $47.1 million). The acquisition was settled fully in cash, with the Group recording a bargain purchase gain of $24.7 million, which resulted in the Group turning round to a net profit of $14.3 million for the year.

The Group's cash position stood at $28.9 million as at 31 December 2018, or 14.3 cents per share.

2017

Revenue decreased by 77% to $5.0 million, due to the continued weakness in the oil and gas industry. Coupled with a foreign exchange loss of $4.0 million arising from the weakening of the US dollar against the Singapore dollar, the Group's net loss for 2017 widened to $10.7 million. The construction of the liftboat was completed and the Group secured a time charter for the liftboat, which was deployed during the second quarter of 2018 in Southeast Asia to support rejuvenation works for oil and gas platforms for a national oil company.

2016

Uncertainties and weak sentiment weighed 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.

Emphasising the importance of advanced engineering & quality fabrication

To deliver value through innovation and meeting customer specific requirements for specialised engineering products

Harnessing our experience and expertise

To build a brand synonymous with quality and trust

STEADFAST IN ABILITY

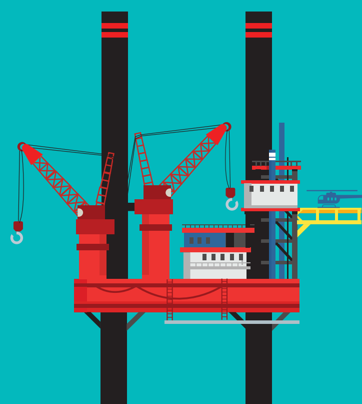
Building On Our Strengths

Building on our strengths enables us to continuously refine our experience and expertise. Through our subsidiaries, we are able to grow our capabilities and provide greater solutions to support the offshore marine oil and gas sector.

OUR BUSINESS

BAKER ENGINEERING PTE. LTD.

May 2013 – Baker Engineering Pte. Ltd. ("BEPL" or "Baker Engineering") was incorporated as a wholly-owned subsidiary of Baker Tech.



Focused on the design and construction of mobile offshore units, critical equipment and components for the offshore marine industry.

Operates out of three waterfront shipyards in Singapore, each equipped with open production facilities, office buildings, workshops and warehouses. The waterfront provides our customers with an option to transport completed projects by sea.

Onsite warehouses are fully equipped with a live Enterprise Resource Planning system, fully integrated with a procurement module for inventory enhanced traceability.

As an ISO 9001 certified company, BEPL ensures that every aspect of its operations and production procedures conforms to the highest standards of quality control to produce exceptional results for each and every customer and project.

Our shipyards have attained a **Statement of Compliance of a Port Facility** from the Maritime and Port Authority in accordance with the International Code for the Security of Ships and Port Facilities.

The State-of-the-Art DP2 Liftboat, Blue Titanium, was constructed by BEPL and is owned by BT Titanium Pte. Ltd., a wholly-owned subsidiary of Baker Tech. In the year of review, the Blue Titanium was on a time charter supporting rejuvenation works for a national oil company. The Blue Titanium provides offshore workers with top-tier accommodation services, walk-to-work gangway and an on-board pedestal crane with lifting capacity of up to 300MT.

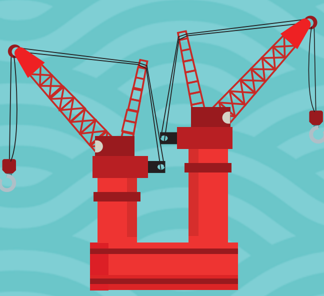
Accredited numerous world-class certifications including **ISO 45001** and **ISO 3834** and is also a **BizSAFE STAR** company.

SEA DEEP SHIPYARD PTE. LTD.

September 1996 – Sea Deep Shipyard Pte. Ltd. ("Sea Deep") was incorporated in 1996 and acquired by Baker Tech in 2008. Sea Deep is an established leader in the manufacture and production of high-quality steel products and components for specialised equipment, new builds, repairs, conversions and upgrades of jackup rigs and liftboats. To meet customer specific requirements for specialised engineering products, Sea Deep also provides product customisation services and refurbishment and replacement support.

Operates out of a waterfront yard in Singapore, equipped with production facilities, office buildings and workshops.

Produces high quality steel products and components for new builds, repairs and upgrades for jackup rigs and liftboats including racks and chords.



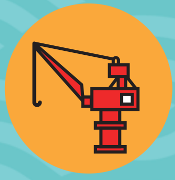
Designs and manufactures its own proprietary Sea Hercules Cranes for fixed and floating platforms. These cranes offer reliability and cost-effective maintenance thus earning them a proven track record and a strong presence in Asia Pacific and Middle East.

Attained API Q1 (for the manufacture and supply of spare parts for pedestal cranes) and API Q2 certification (for inspection and servicing of pedestal cranes).

October 2018 – Sea Deep's wholly-owned subsidiary, Interseas Shipping (Private) Limited changed its name to Sea Hercules Cranes Pte. Ltd. ("SHC or Sea Hercules Cranes") to better align with the subsidiary's business activities.

As an **ISO9001** and **ISO 45001** certified and **BizSAFE Star** company, Sea Deep ensures every aspect of the production procedures is subjected to stringent quality control whilst observing the highest standard of health and safety.

SEA DEEP'S RANGE OF PRODUCTS AND SERVICES INCLUDES:



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

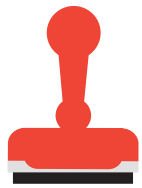
Mechanical Handling Equipment

Project Management and turnkey conversions with its proprietary designs

Maintenance and **Repair Services** for existing offshore equipment including cranes

OUR BUSINESS

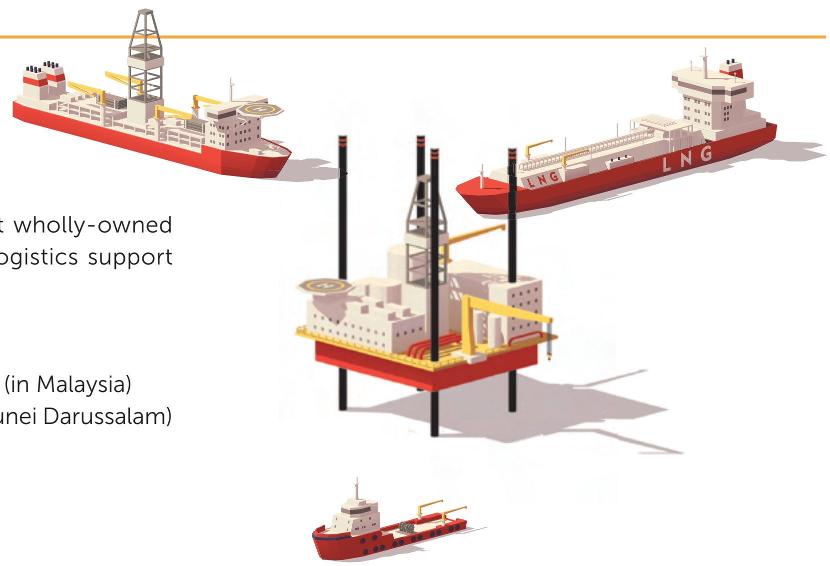
BT INVESTMENT PTE. LTD.



September 2013 – BT Investment Pte. Ltd. ("BT Investment") was incorporated as a wholly-owned subsidiary of Baker Tech. As an investment holding company, BT Investment focuses on exploring new business opportunities to increase the Group's revenue stream and expand Baker Tech's product offerings through acquisitions and strategic alliances.

Incorporated a number of direct and indirect wholly-owned subsidiaries specialising in offshore marine logistics support services and vessel ownership:

October 2016 : BT Titanium Pte. Ltd.
June 2017 : BT Offshore (Malaysia) Pte Ltd (in Malaysia)
May 2018 : BT Offshore (B) Sdn Bhd (in Brunei Darussalam)
August 2018 : BT OSV 1 Pte. Ltd.



July 2018 – BT investment acquired a 52.72% stake in CH Offshore Ltd. ("CHO"). Baker Tech's stake in CHO increased to 54.98% in September 2018.

September 2018 – Incorporation of BT Offshore Management Pte. Ltd. whose primary activities include vessel chartering and ship management services.

CH OFFSHORE LTD.

March 1976
incorporated as Mico Line Pte Ltd

February 2003
listed on the Singapore Exchange Securities Trading Limited under its new name CH Offshore Ltd. ("CHO")

September 2018
BT Investment Pte. Ltd. acquired 54.98% stake in CHO

Baker Tech, through its wholly-owned subsidiary, BT Investment Pte. Ltd. acquired a 54.98% stake in CHO.

CHO is involved in ship management, ship-owning and chartering of vessels for the marine and offshore sector.

CHO, together with its subsidiaries, owns seven 12,240 bhp anchor handling tugs, each equipped with state-of-the-art facilities for heavy offshore work in deeper waters.

In addition to providing ship management services for the Group's vessels, CHO through its wholly-owned subsidiary, CHO Ship Management Pte. Ltd. also provides ship management services for third party vessels.

OUR GLOBAL PRESENCE

LEGEND

1. Asia
2. Middle East
3. Africa
4. South America


Europe
Asia
Middle East
Africa
Oceania
1
2
3

BOARD OF DIRECTORS

Wong Meng Yeng / Age 62
Board Chairman, Independent Director

Appointed to the Board on 3 June 2010 and currently the Chairman of Baker Technology Limited (**"Baker Tech"**), Mr Wong was last re-elected as Director on 27 April 2018. As an Independent Director, Mr Wong chairs the Nominating Committee and is also a member of the Audit and Remuneration Committees.

Mr Wong is due to retire by rotation at the forthcoming Annual General Meeting (**"AGM"**) and will be seeking re-election as Director at the AGM.

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. Mr Wong was previously an independent director of KS Energy Limited and Keong Hong Holdings 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.

Jeanette Chang / Age 44
Chief Executive Officer,
Executive Director

Appointed to the Board as Executive Director on 1 September 2013, Ms Chang was redesignated to the position of Chief Executive Officer (**"CEO"**) of Baker Tech on 1 January 2019 and appointed as a member of the Nominating Committee on 14 February 2019. Ms Chang was last re-elected as Director on 26 April 2019. Ms Chang is responsible for the overall management of the Group.

Ms Chang is due to retire by rotation at the forthcoming AGM and will be seeking re-election as Director at the AGM.

Ms Chang is also a Non-Executive Non-Independent Director of CH Offshore Ltd. (**"CHO"**). She 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 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.

Dr Benety Chang / Age 73
Executive Director

Appointed as Director and CEO of Baker Tech since 5 May 2000, Dr Chang stepped down as CEO on 31 December 2018. Dr Chang remains an Executive Director of the Company. Dr Chang is the major shareholder of the Company and was last re-elected as Director on 19 June 2020.

Dr Chang is the CEO and Executive Director of CHO, a subsidiary of Baker Tech. 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.

Tan Yang Guan / Age 67
Non-Executive
Non-Independent Director

Appointed a Non-Executive Non-Independent Director of Baker Tech since 5 May 2000, Mr Tan was last re-elected as Director on 19 June 2020.

Mr Tan has more than 30 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.

Ang Miah Khiang / Age 67
Independent Director

Appointed to the Board on 1 November 2013, Mr Ang was last re-elected as Director on 26 April 2019. Mr Ang 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 was previously an independent director of SK Jewellery Group Limited, PS Group Holdings Ltd, Uni-Asia 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.

Han Sah Heok Vicky / Age 60
Independent Director

Appointed to the Board on 1 December 2013, Ms Han was last re-elected as Director on 26 April 2019. Ms Han 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.

KEY EXECUTIVES

Tan Kiang Kherng / Age 51
Chief Financial Officer

Mr Tan joined the Group in June 2002 as Financial Controller and is currently the Chief Financial Officer of the Group. He is also a Non-Executive Non-Independent Director of CHO. 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.

Tan Wee Lee / Age 51
Managing Director
Baker Engineering Pte. Ltd.
Sea Deep Shipyard Pte. Ltd.
Sea Hercules Cranes Pte. Ltd.

Mr Tan joined the Group in October 2013 as the Managing Director of Baker Engineering Pte. Ltd. ("Baker Engineering"). In October 2018, Mr Tan was further appointed Managing Director of Sea Deep Shipyard Pte. Ltd. ("Sea Deep") and its wholly owned subsidiary, Sea Hercules Cranes Pte. Ltd. Mr Tan is responsible for Baker Engineering and Sea Deep Group's overall management and operations.

Mr Tan began his career in Keppel FELS in 1995 and joined PPL Shipyard Pte. Ltd. in 1998, leaving in 2008 as a Project Manager. Prior to joining the Group, he was the General Manager of a private Chinese shipyard and the Managing Director of the Singapore subsidiary.

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

Lim Tza Kern Kenny / Age 42
Managing Director
CHO Ship Management Pte. Ltd.

Mr Lim is the Managing Director of CHO Ship Management Pte. Ltd. (**"CHOSM"**) a wholly-owned subsidiary of CHO.

He joined the CHO Group as Director of Business Development in February 2017. Mr Lim was promoted to VP of Business Development & Commercial in February 2019 and was appointed as General Manager of CHOSM on 16 September 2020. He was subsequently promoted to Managing Director of CHOSM on 5 February 2021.

Mr Lim has 15 years hands-on experience in the marine oil and gas industry specialising in Offshore Support Vessels ("OSV") and floatels. He has extensive knowledge and contacts in the OSV industry and prior to joining CHO Group, he was the Regional General Manager at Asetanian Marine Pte Ltd, the offshore marine oil and gas division of Falcon Energy Group Limited. His key responsibilities include leading the team in spear-heading the overall Business Development, marketing efforts and contractual negotiations in key markets across different time zones in various continents.

Mr Lim holds a Bachelor of Civil Engineering Degree (Hons) from the National University of Singapore.

Uplifting of local communities

We continue to partner with charity organisations to support the under privileged and less fortunate

Corporate Social Responsibilities

We comply with our regulatory obligations while managing risk and meeting stakeholders expectations

UNWAVERING COMMITMENT

Creating A Sustainable Future

At Baker Technology, we keep sustainability at the core of what we do. Across our business operations, we remain committed to creating a better future through green initiatives, which include recycling practices and equipping our staff with BPA-free reusable drinking bottles as well as reusable masks to reduce wastage and encourage the preservation of our environment.

SUSTAINABILITY REPORT

Our Year in Summary

Zero work-related fatalities in across our operations

Expanding our recycling initiatives to reduce consumption per employee

Board Diversity: Maintaining 33% female representation on board

$63.2 million Group Revenue

Delivering sustainable returns to shareholders by providing accurate and transparent information to shareholders in a timely manner

The Group's wholly-owned subsidiary, Baker Engineering, was awarded the BizSAFE Enterprise Exemplary Award for 2020

$44.3 million Cash and Short Term Deposits

Invested 100 training hours across our operational employees

Providing a safe and healthy workplace for all our employees by caring for their mental and physical well-being

Adopter of the Singapore Tripartite Standards and is a signatory of the TAFEP Employers' Pledge of Fair Employment Practices

Respect for our employees, community and the environment

Zero confirmed cases of corruption and non-compliance to applicable laws and regulation

ABOUT US

This Sustainability Report of Baker Tech and its subsidiaries covers the sustainability performance of the Group for the financial year ended 31 December 2020. We have chosen to report annually in line with the Group's financial reporting year. This report presents the Group's policies and practices to address environmental, social and governance ("ESG") approaches and concerns faced during the last financial year. It also maps the Group's progress on its ongoing sustainability journey.

For this Sustainability Report, the Group continues to take reference from the SGX Sustainability Reporting Guidelines and the Global Reporting Initiative ("GRI") Core Reporting Option, as issued by the Global Sustainability Standards Board. External assurance has not been sought for this report. The GRI Content Index can be referenced from pages 48-49 of this Annual Report.

In the Group's Sustainability Report for this year, we look back at how the on-going pandemic has impacted our businesses. Our Board of Directors ("Board"), together with our Management team, looks beyond the Group's typical ESG factors to address the needs of all our stakeholders amidst the ongoing pandemic.

As a leading provider of specialised equipment and services to the oil and gas industry, we are constantly adapting to the challenges posed by the social and environment impacts and in 2020, we also include the impact of the pandemic on operations. Our sustainability performance is closely monitored by our Management team in consultation with our Board. Together, they assess and review key material ESG factors to determine the Group's sustainability strategy, consider material topics and boundaries and other issues included in this Report. In addition, they continue to monitor all feedback channels from key stakeholders which comprise our employees, shareholders, investors, suppliers and customers and thus are better informed to formulate the Group's sustainability strategy.

The Group's Management team has also been working closely with relevant government agencies to introduce comprehensive safe management measures at our workplaces and these include and are not limited to the use of SafeEntry, safe distancing, daily temperature readings and higher standards of cleanliness to safeguard our stakeholders. At the same time, staggered working hours and break hours together with work from home measures have been adopted across sections of our workforce.

As a part of our ongoing engagement with our stakeholders, we welcome constructive feedback and suggestions on ways to improve our sustainability efforts at sustainability@bakertech.com.sg. Although we have continued to print hard copies of our Annual Report, we have also uploaded digital copies of our Annual Reports on our website at www.bakertech.com.sg.

Scan to access the online version of the annual report.

All photos in this Sustainability Report were taken before 18 January 2020

SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

The Group's long-term sustainability journey begins with the identification of our stakeholders. To strengthen our relationships with our stakeholders, we facilitate regular engagements throughout the year as they provide valuable inputs towards determining our material focus areas. Key concerns raised by our stakeholders during the year are addressed, allowing us to better formulate and facilitate sustainable goals for the Group.

To strengthen our bonds with the investing community, the Group ensures that all financial results and media releases are released promptly on various platforms such as SGXNet and the Group's website at www.bakertech.com.sg/investorrelations.

The Group's website (www.bakertech.com.sg) also serves as a key communication tool for the investing community. To better serve our investing community, the Group has in place a standalone website for each of its operating subsidiaries to describe its unique company profile, on-going projects and operations. To ease facilitation, members of the investing community can also reach out to the Group via the Contact Us pages on each website or via a dedicated investor relations email address which can be found on all the Group's media releases.

The following outlines the Group's various engagement methods with its stakeholders.

Key Stakeholders	Forms of Engagement	Key Topics	Our Commitment
Internal			
Employees	• Staff memos and emails • Staff meetings • Training sessions • Performance appraisals • Health and wellness programmes • Posters	• Health and safety • Career development • Employee engagement	We are focused on providing equal opportunities and fair compensation and benefits. We provide clear policies and procedures to serve as a guide for our employees. As part of protecting employees' mental and physical health and well-being, we continue to prioritise occupational health and safety and also provide learning and career development opportunities.
External			
Community and Environment	• Community outreach initiatives • Environmentally focused activities	• Stakeholder engagement • Corporate social responsibilities	We continue to engage the local community by supporting various not-for-profit charitable causes and other organisations to better improve the lives of people in the communities around us. We also carry out our operations in a responsible manner to contribute to environmental sustainability and to be environmentally sustainable.
Customers	• Teleconferences and email • Meetings • Corporate website • Conferences • Audits	• High quality and cost effective products • Solutions to address customers' requirements	We strive to develop and maintain long-term relationships with our customers by providing reliability, on-time delivery, high quality, customisation and solutions to fulfil their requirements and maximise satisfaction. We are committed to providing prompt responses to enquires and feedback.

Key Stakeholders	Forms of Engagement	Key Topics	Our Commitment
External			
Government and Regulators	• Ongoing communication with relevant authorities • Teleconferences and email • Meetings • Surveys • Inspections/Audits	• Regulatory and legal procedures and practices	Compliance with regulatory and legal procedures and practices is of critical importance. We ensure timely transparent disclosure, responses and adaptation to new or revised requirements and to surveys and requests for feedback.
Suppliers	• Perform assessment and continuous monitoring of key suppliers and contractors • Meetings • Teleconferences and email	• Business relationships and ethical business practices	To be sustainable, we have to work hand in hand with our suppliers and contractors and together, we establish strong rapport and long-standing relationships built on mutual trust and integrity. We support our suppliers and contractors to enable them to provide competitive pricing for good quality products and also to abide by our Group's policies and procedures.
Shareholders/ Investing Community	• Annual Report • AGM • SGX Announcements • Group websites	• Business performance, corporate governance and strategy	To develop confidence and trust in our Group, we ensure accurate and transparent disclosure of the Group's business developments to shareholders and investing community on a timely basis.

MATERIALITY ASSESSMENT

The Group's Management team, overseen by the Board, provides necessary resources to manage the governance of sustainability within the Group. Having last conducted a Materiality Assessment in 2019, they have reviewed the Group's list of material sustainability topics and note that there were no significant changes in the year of review. The Board is of the opinion that the materiality assessment from FY2019 continues to be of relevance for the Group in FY2020.

Material Topics	GRI Standards of Disclosure	Impact Boundary
Environmental		
Legal and Regulatory Compliance	Environmental Compliance	Vessel operations and corporate office
Energy and Emissions	Energy and Emissions	Vessel operations and corporate office
Waste Management and Disposal	Effluents and Waste	Vessel operations and corporate office
Social		
Occupational Health and Safety	Occupational Health and Safety	All employees
Governance		
Ethics and Anti-Bribery and Corruption	Anti-Bribery and Corruption	Corporate office and operations

SUSTAINABILITY REPORT

ENVIRONMENT

We are mindful of our impact on the environment and practice strict adherence towards all relevant environmental regulations. In the year of review, we have not noted any major breaches of voluntary codes nor non-compliance with environmental laws or regulators

In our commitment towards reducing waste per employee, our recycling initiatives for 2020 include and are not limited to:

Continued support for the "Clean Up South West!" 2020 annual environmental flagship programme which was organised by South West Community and Development Council. A collection point was set up in our yard for employees to donate their recyclables such as good condition clothing and paper products.

Regularly serviced air-conditioning units are set to an optimum temperature to reduce electricity usage and are automatically programmed to switch off after working hours. LED lightings and energy saving appliances are used to improve energy efficiency

Waste bins in the mess hall are separated into food waste (perishable items) and general waste. Waste bins on deck are divided into General waste bin, Scrap material bin and Special bin (Battery bin and Razor blade bin). Waste disposal is conducted onshore to avoid polluting the oceans.

Industrial waste such as reusable scrap material generated in the form of scrap steel and wooden pallets are stored in a proper manner to be recycled for future use. Risk assessments and procedures are implemented for the identification, handling and disposal of both hazardous and non-hazardous materials.

Our vessels are equipped with waste management and disposal system that ensures waste generated are disposed accordingly to strict protocols.

Increase conservancy awareness among employees through eye-catching e-posters, notices and internal memos.

Baker Engineering, is an ISO 14001 certified company with prevailing environmental standards which it adheres to. These standards are also applied throughout the Group's operations where relevant.

Paperless internal communication tools and adopted paperless payroll system to generate e-pay slips to reduce paper consumption.

Advocating the use of non-disposable utensils, biodegradable wooden and paper cutleries instead of single-use plastic, plastic cutleries, straws and cups. Employees are also encouraged to bring their own reusable containers during staff gatherings to minimise food wastage. BPA-Free reusable water bottles were also distributed to our foreign workers to minimise the use of single-use plastic.

SOCIAL AND GOVERNANCE

BAKER TECH'S COVID-19 INITIATIVES

Adopting Health and Safety Measures

In line with government regulations, the Group advised its employees on proper hand washing and face mask wearing techniques. Mandatory temperature screening, health and travel declaration forms, personal details for contact tracing, safe distancing protocol in line with Safe Management Measures were also put in place. These measures apply to all stakeholders who enter our premises for any reason.

To minimise and prevent the spread of Covid-19 infections, the cleaning regimes within our premises were stepped up with more frequent cleaning of shared facilities and equipment, common areas, employee work-stations and high-contact surfaces. Regular application of disinfecting solutions is also carried out at high-touch point areas.

Employees were also advised to minimise face-to-face contact with suppliers, to hold virtual internal and external meetings and to restrict overseas travel especially for personal reasons while business travels were stopped. All social activities were cancelled or postponed to protect the health and well-bring of its employees.

Foreign Worker Health, Safety and Well-being

During phase 1 and 2 of the Covid-19 pandemic, the Group increased its efforts to care for its migrant worker community who were more adversely affected by the restrictions put in place to curb the spread of the virus. Multiple care packages which included household essentials and fresh fruits were sent to the dormitories on a regular basis. With the aid of regular staff communication and advisories, they were also kept informed of the latest Covid-19 advisories and updates especially those in relation to procedures in their dormitories. Small chat groups with workers on a room by room basis were set up with various members of the Group's HR & Admin department to enable easier communication and feedback and to allow workers to inform us of any concerns and requirements or movements on the ground. The Group also distributed reusable 3-ply face masks, Vitamin C tablets, individual hand sanitizers (alcohol free to address safety issues within the production yard) and provided data SIM cards and mobile phones for worker communication, information and entertainment needs. All foreign workers continued to receive their full remuneration packages and we provided assistance in their remittance activities as well as other needs e.g. renewing passports etc. Meals were also provided to foreign workers based on decanted sites who had no access to cooking facilities.

SUSTAINABILITY REPORT

Employee Support

The Group implemented work from home, staggered working hours, team segregation and telecommuting strategies consistent with government regulations. To ease this transition period, employees with desktops were either provided with laptops or transportation was arranged for their desktops to be delivered to their homes. The Group's IT department ensured that all employees had access to the company's servers via VPN and received IT support arrangements to support remote working. Additional investments in IT hardware and software, including Microsoft teams, were also made to allow easier teleconferencing and virtual meetings. For production related employees, teams were set up among our yards to limit employee interaction.

For employees who were affected by the closure of Singapore borders e.g. those who were overseas when the borders were closed or Malaysian workers who were daily travellers, we supported them by enabling them to work from home (where possible), provided temporary housing arrangements and housing and food allowances and further assistance, where required.

Job security is a priority for the Group and there were no lay-offs nor salary cuts due to the pandemic. Where possible, we have encouraged employees to participate in online trainings and webinars to meet new challenges and increase their knowledge base.

Ongoing Engagement with stakeholders

For the first time in the Group's history, we held a virtual AGM, adhering to SGX's regulations in relation to the Covid-19 pandemic. Shareholders were able to ask the Board questions pertaining to the business albeit ahead of time and were able to vote by appointing the Chairman as their proxy. The virtual AGM helped facilitate engagement with shareholders and the investing community further allowing the Group to provide transparent and timely disclosures.

Our suppliers and contractors face similar issues to us especially those who have foreign workers who were also confined in their dormitories or provide services which usually require travelling or site visits. Where possible, we source equipment or provisions locally in Singapore or locally where our vessels are based. In addition, we work closely with equipment suppliers and vessel classification societies to conduct remote audits and inspections. We are also more selective in terms of where we send our vessels for regular maintenance and repairs in light of potential Covid-19 lockdowns in various countries. To help with suppliers' cash flows, we ensured that we paid our suppliers as per the invoice payment schedules.

For our clients, some of whom were unable to travel to inspect fabrication work or our vessels, we conducted virtual inspections and kept in regular contact via Microsoft teams and other online meeting platforms. We also provided longer credit terms where required especially when certifying invoices took longer than usual due to working from home arrangements in many countries.

For our community, we continued to support the charities whom we had supported in previous years albeit in different ways given the need to ensure social distancing. We provided more cash support to enable our charities to continue to support the under-privileged and less fortunate who have been especially impacted by the Covid-19 restrictions.

Our People

Since the disruption of economies and communities due to the Covid-19 pandemic, we have seen many businesses forced to rethink and adjust their strategies to navigate through the new normal. Baker Tech is no different and we have been adapting to the multitude of challenges and implementing changes since the start of 2020. Business strategies and business continuity plans were immediately set into action to minimise the impact of Covid-19 and to enhance our preparedness.

The Group was fortunate to be considered an essential service which permitted the Group to operate onsite throughout and after the Circuit Breaker with non-essential workers working from home. With the health and safety of our employees a top priority, we implemented our safe management measures quickly and educated all our employees on the new policies and procedures that were implemented. By prioritising our projects and re-evaluating our processes, the Group was able to ensure business continuity and continue production activity at times with limited manpower as a result of foreign worker restrictions.

Our sector is highly reliant on foreign workers who we are committed to protect and ensure that their safety and welfare are not compromised. When Covid-19 positive cases started developing in the foreign worker dormitories island-wide, the Group put together and executed our Covid-19 health strategy which included providing face masks, hand sanitisers, vitamin C supplements and thermometers to our migrant worker community.

In addition, during the Circuit Breaker period, the Group provided care packages consisting of household necessities, fresh fruit and groceries to our foreign workers staying in dormitories or decanted sites. Supervisors and employees would conduct regular checks on our employees who were on restricted movement orders or stay-home notices to see how they were coping. Workers were also reminded to stay active and to keep themselves healthy by having an adequate amount of sleep, eating a balanced diet and doing light moderate exercises. For foreign workers who had incompatible mobile phones, we provided mobile phones downloaded with the national contact tracing app TraceTogether together with FWMOMCare app to ensure that they could stay connected and abide by the various government requirements in relation to such apps.

Our foreign workers are housed in clean and well-maintained dormitories which are equipped with a variety of recreational facilities and amenities. For their safety and convenience, we also provide transportation to ferry the workers to and from work. During pre-Covid times, our Human Resource team together with our Health and Safety team conducted regular site visits to the dormitories to ensure clean and comfortable safe living conditions are being maintained in the dormitories. However during the pandemic, we worked closely with the dormitory managers to ensure that our foreign workers are aware of the enhanced need to keep their rooms clean and tidy.

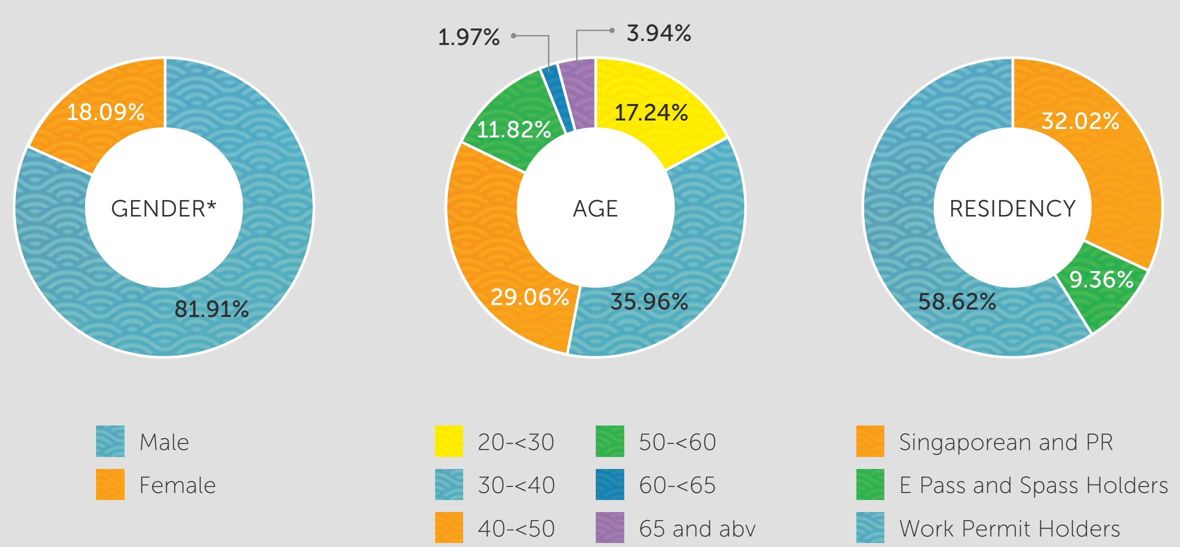
SUSTAINABILITY REPORT

Recognising that our employees are our most valuable resource, Baker Tech strives to provide an all-inclusive and diverse and holistic work environment where all our employees are given an equal opportunity to succeed. Lifelong learning, training and development programmes are made accessible across our workforce. The objectives of these training and development programmes are several-fold; to enable our employees to perform their roles from a regulatory perspective, to enhance their capabilities and performance, to develop additional skills for career advancement and to increase technical and sector know-how to become more effective and knowledgeable. Employees are encouraged to attend both internal and external training programmes which empowers them to undertake different challenges and provides them with opportunities for career advancements.

Our commitment towards supporting and nurturing our employees plays an important role in our sustainability strategy. We recognise the need to continually upskill our workforce in order to remain competitive in the market.

To further engage our employees, the Group also facilitates and encourages employee engagement including having various open lines of communication. Our organisational structure is flat and we operate on an open door policy which provides full access for all employees to Directors and Management.

Encouraging a healthy work-life balance for our employees, the Group adopts a five-day working week. We prioritise the mental and physical well-being of our employees by investing in an extensive healthcare support system where our employees are entitled to healthcare insurance and both medical and dental benefits. We have adopted a number of chains of clinics located around Singapore as our Company doctors and all employees are able to seek outpatient treatment at such clinics. During the pandemic, given the Government's strong encouragement for people to visit doctors should they feel sick, we have extended our outpatient cover to allow our employees to visit clinics closer to their homes to minimise exposure to others. Employees are also able to seek emergency care at any government restructured hospitals. Posters in relation to health promotions or lifestyle recommendations are also displayed around the yard to encourage employees to adopt healthy lifestyle choices.



The above group demographics are as of 31 December 2020 and excludes CH Offshore Ltd.
**Excluding non-traditional source workers*

HR Policies

The Group's human resource initiatives and polices are guided by the Group's ambitions to be a responsible employer of choice. Our daily operating procedures serve as a guide to govern all our employees in our daily operations and to develop and encourage a safe and healthy conducive working environment.

As an advocate for fair employment practices, the Group adopted the Singapore Tripartite Standards and is a signatory of the TAFEP Employers' Pledge of Fair Employment Practices. The Group's recruitment process is guided by its non-discriminatory hiring policy, which assesses solely based on merit, focused on candidates' qualifications, skills, aptitude, attitude and suitability for specific roles as well as the ability to contribute to the Company. Our HR policy prohibits any discrimination on the basis of nationality, age, race, religion, language gender or marital status. As part of our hiring policy, we conscientiously recruit a highly competent and diverse group to establish long standing working relationships built on trust and integrity. Our business prides itself on supporting employees with a strong sense of self-drive work ethics fostered in a harmonious work environment designed to enhance growth, creativity and efficient outcomes.

Furthermore, the Group has in place a Human Rights Statement committing to uphold the International Human Rights Principles as set out in the Universal Declaration of Human Rights and International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. The Group does not tolerate unethical labour practices such as slavery, forced labour, child labour and human trafficking in any of our operations and business practices and all of our employees, subcontractors, suppliers and vendors are expected to adhere to our policies.

Baker Tech is committed to conducting its business in accordance with the highest ethical standards and in compliance with all applicable laws and regulations. All employees are provided with the Group's Code of Conduct, Anti-Bribery and Corruption Policy and Whistle Blowing Policy, among others, upon employment and on a yearly basis declare adherence to these policies

Code of Conduct

The Code of Conduct is in place to assist the Board, employees and company representatives in understanding their responsibilities better and to provide guidelines for daily business operations so as to be in accordance with applicable laws and regulations.

By setting out clear working principles, the Code of Conduct also covers workplace health and safety, ethical business conducts and regulatory compliance.

Anti-Bribery and Corruption Policy

As a Group, we adopt a zero tolerance stance towards any form of bribery and corruption. As a reflection of our governance, integrity and responsible business practices, we are committed to acting transparently, fairly and with integrity in all our business activities and relationships. This policy works hand in hand with our Gift and Hospitality Policy. During the year, we maintained a clean record of zero reported cases of corruption.

Whistle Blowing Policy

With the implementation of the Whistle Blowing Policy, employees and stakeholders are able to raise their concerns in confidence regarding financial and non-financial matters without fear of retaliatory actions. During the year, there were no reports or concerns raised nor brought to the attention to the Audit Committee.

SUSTAINABILITY REPORT

Occupational Health and Safety

Our yards have operated continually through 2020 with marine-sector focused Safe Management Measures in place. Through the pandemic, we continue to maintain high standards of workplace health and safety capturing the trust and confidence of our employees and other stakeholders.

Our main operating subsidiaries (Baker Engineering, Sea Deep and Sea Hercules Cranes) are ISO 45001 certified and we have implemented a Safety Management System ("SMS") in line with ISO 45001. Our SMS, together with our Quality Management System (ISO 9001) and Environmental Management Systems (ISO 14001), form our Shipyard Management System. The Shipyard Management System undergoes annual audits as a part of the certification requirements. All three subsidiaries have also been awarded BizSAFE Star Enterprises with Baker Engineering earning the prestigious BizSAFE Enterprise Exemplary Award for 2020 and 2018 at the annual BizSAFE convention organised by Workplace Safety and Health Council. Our SMS adheres to the requirements of the Workplace Safety and Health Act ("WSHA") and other relevant safety rules, regulations and requirements as set by local regulators. It applies to all activities on our premises from the office to the production yard. All personnel on our premises, including employees, visitors, subcontractors, crew, have to abide by our SMS. Our Workplace Safety, Health and Environment ("WHSE") committee is responsible for maintaining, reviewing, updating and implementing the SMS. As part of the continuous improvement of the system, the safety performance indicators (covering among others, policies and procedures, risk assessments, licences, statutory requirements) are reviewed regularly during WHSE meetings, audits and management reviews and improvements are made to the system where required. Ad hoc reviews are also conducted if and when there is an incident onsite as we conduct investigations into the root causes of such incidents or when there are relevant incidents in other yards or vessels.

To reinforce the importance of WHSE at the workplace, new employees attend a mandatory safety induction programme on their first day of employment. This safety induction programme covers workplace hazards, at-risk areas and the Group's safety procedures. New employees are also informed of the various Covid-related Safe Management Measures in place. They are also issued with personal protective equipment including safety boots, hard hat, safety glasses and ear plugs. In accordance with Ministry of Manpower WSHA legislation, we conduct daily tool-box meetings, Vessel Safety Coordination Committee ("VSCC") meetings and regularly inspect our safety equipment and all personal protective equipment. Any regulatory training and medical examinations required under the WSHA are also carried out by authorised external providers, where necessary. We have placed WSHE posters around our yards in multiple languages to ensure that all our employees are able to understand the safety requirements.

In addition, all contractors and subcontractors working in our yards are required to undergo a safety induction training programme prior to commencing work. Visitors and clients, where required, must also attend the safety induction training programme. This programme covers safety aspects for our yards including yard layout, safety and emergency protocols. Safe work procedures and risk assessments are also required to be in place prior to the start of any new projects and are constantly reviewed during various stages of project execution. Employees who identify unsafe activities or good practices onsite can raise such issues to their supervisors or the WHSE team as and when required, during safety walkabouts or during daily tool-box or VSCC meetings. Such employees also have the right to remove themselves from the activity if they deem it unsafe. Our Whistleblowing policy protects all whistle-blowers (including employees) from any reprisals.

WHSE is actively promoted through successful safety programmes to bolster occupational health and safety practices throughout the year. In 2020, our WHSE committee ran notable programmes such as "Yard Improvements to keep Covid-19 Away" and "Design a Mask" competition.

Emergency drills are periodically conducted by the WHSE committee with different scenarios including fire, performing first-aid, rescue and security-issues in conjunction with continuing health and safety emergency response protocols. Routine WHSE committee meetings which include site visits are also carried out with Management overseeing the process.

With the emergence and spread of Covid-19, the Group has stepped up its workplace safety and health protocols including twice-daily temperature checks, promotion and encouragement of good personal hygiene practices and seeking of medical attention should employees feel unwell. The Group has also acquired protective equipment including N95 respirators and surgical-grade personal protective equipment for issuance to all employees working outdoors and on-board our vessels. Surgical grade disposable masks are also readily available to all other employees. Proper site housekeeping, regular cleaning and disinfection of shared facilities and high-contact surfaces coupled with fortnightly pest controls are also carried out. The Group will continue to prioritise the health and safety of its workforce and strengthen its protocols as and when the situation evolves in line with the recommended regulatory practices.

The Group's workplace safety and health protocols, practices, policies and compliance programmes are subject to both an internal and external annual review together with stringent checks by Management to ensure the safety and well-being of all our employees. The Board reviews and endorses the risk management strategies in relation to health, safety and environmental protocols.

WORK-RELATED INJURIES

Our WHSE committee, together with our supervisors, ensures compliance with the Workplace Safety and Health Act and other relevant safety rules, regulations and requirements as set by local regulators to foster an injury and risk-free workplace. Every employee has to comply with safety practices and procedures implemented in our yards. We welcome input from our employees in relation to the workplace environment and also work processes as our objective is to ensure that our employees are able to work safely and efficiently without any short, medium or long-term health and safety issues. Our efforts in promoting WHSE have resulted in a relatively low number of accidents at the workplace and we continue to uphold our targets of achieving zero injuries and zero work-related fatalities across all our operations.

The following tables highlights the Group's occupational health and safety performance:

Types of reportable accidents	Performance FY 2020	Targets FY 2021
Total number of fatalities	0	Zero fatalities
Total number of high-consequence work-related injury*	4	<2
Total number of recordable work-related injury including reportable cases**	7	<3

**Excluding fatalities*
***Reportable cases denotes injuries requiring more than 1 day of medical leave*

Safety Measures				
	2019 Actual (per 1 million man-hours)	2019 Target (per 1 million man-hours)	2020 Actual (per 1 million man-hours)	2020 Target (per 1 million man-hours)
Accident Frequency Rate (Annual incidents involving first aid)	2.6	1.6	10.1	1.8
Accident severity rate (Annual incidents involving treatment beyond first aid)	1.5	40	63.1	60

SUSTAINABILITY REPORT

Within our SMS, we adopt the Hazard Identification, Risk Assessment and Determining Controls to carry out a systematic, critical appraisal of all potential hazards involving personnel, equipment, services and operation methods, identification of existing safeguards available to control the risks due to the potential hazards and suggest additional control measures to reduce the risk to a level that is As Low As Reasonably Practicable. All hazardous, critical and major operations for each section/department are reviewed weekly and also additionally on an adhoc basis if required. Risk assessments according to a risk rating matrix are carried out on all activities on our premises from routine to non-routine, office-based to production yard, simple tasks to complicated activities. All personnel working in our yards have to submit risk assessments for their work including subcontractors and even facilities vendors (e.g. lift maintenance vendors, pest control vendors).

The numeric 5 by 5 matrix

Table below categorizes risk level into Low, Medium and High Risk by a numeric 5x5 matrix

Likelihood / Severity	Rare (1)	Remote (2)	Occasional (3)	Frequent (4)	Almost Certain (5)
Catastrophic (5)	5	10	15	20	25
Major (4)	4	8	12	16	20
Moderate (3)	3	6	9	12	15
Minor (2)	2	4	6	8	10
Negligible (1)	1	2	3	4	5

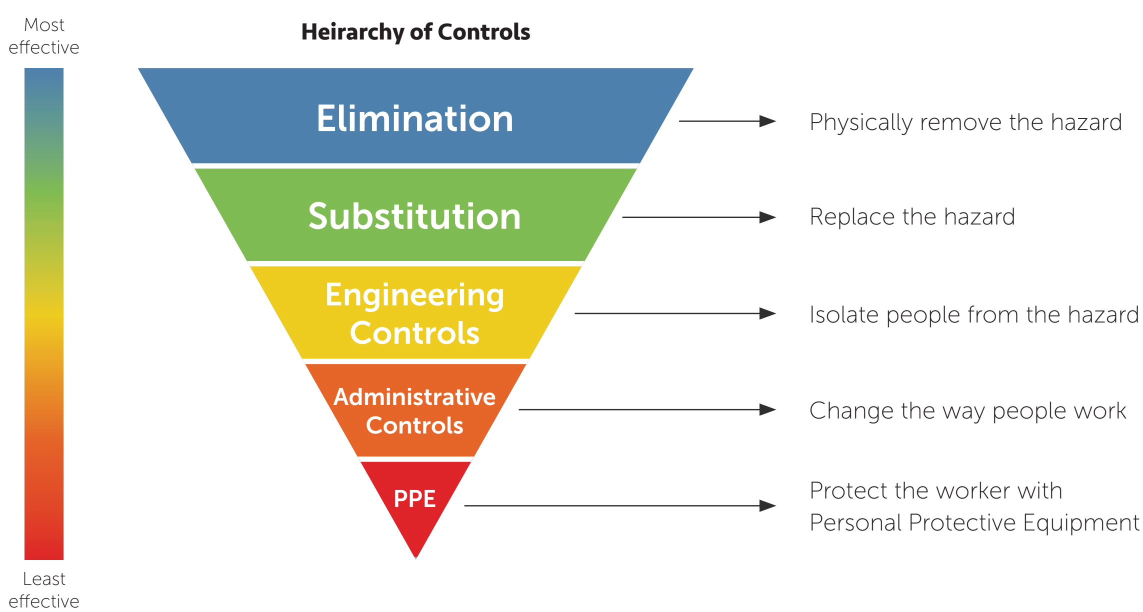
Probability Description for use with the 5x5 Risk Assessment Matrix

Level	Likelihood	Description
1	Rare	Not expected to occur but still possible
2	Remote	Not likely to occur under normal circumstances
3	Occasional	Possible or known to occur
4	Frequent	Common occurrence
5	Almost Certain	Continual or repeating experience

Consequence Severity Description for use with the 5x5 Risk Assessment Matrix

Level	Likelihood	Description
5	Catastrophic	Fatality, fatal diseases or multiple injuries
4	Major	Serious injuries or life-threatening occupational disease (includes amputations, major fractures, multiple injuries, occupational cancer, acute poisoning)
3	Moderate	Injury requiring medical treatment of ill-health leading to disability 9 (includes lacerations, burns, sprains minor fractures, dermatitis, work-related upper limb disorders)
2	Minor	Injury or ill-health requiring first-aid only (includes minor cuts and bruises, irritation, ill-health with temporary discomfort)
1	Negligible	Not likely to cause injury or ill-health

Control measures are adopted to reduce the numbers of people likely to be exposed to the risk, reduce the likelihood of an injury occurring due to the risk and reduce the likely severity of the injury that could result from the risk. The hierarchy of controls that the Company adopts is as follows:



Our operations are closely monitored by our WHSE team, WHSE committee and also all supervisors, who ensure all employees comply with the codes of practice and safety procedures as implemented. Our emphasis on promoting workers' health and improving workplace safety has resulted in low numbers of accidents in our workplace and we will continue to uphold our mandate to target zero injuries and fatalities amongst our workforce.

SUSTAINABILITY REPORT

THE COMMUNITY

Supporting local community causes has always been a part of the Baker Tech's unwavering commitment towards the development of the community and environment. The Group champions good corporate citizenry by making positive changes targeted at the improvement of the well-being of the community.

In line with this commitment, the Group partnered with Apex Club of Bukit Timah in their weekly food distribution drive. Annually, the Group encourages proactive employee involvement however with the onset of the Covid-19 pandemic, the Group had to reduce the number of staff volunteers able to participate so as to abide by safe distancing measures. With a lean team of staff volunteers, food packs sponsored by the Group were packed and distributed to the elderly and less fortunate living around Red Hill and Telok Blangah district.

The Group also continued its fourth year of sponsorship with the South West Community and Development Council. Baker Tech sponsored book vouchers as part of their "Festive Cheers" at South West Programme. Adopted beneficiaries including the underprivileged and vulnerable families living within the community, received these book vouchers which were warm-heartedly received before the start of the new school term.

In January 2020, to welcome in the new year, the Group organised an inter-company bowling tournament and employees of all skill levels, age and departments came together to showcase their talents in a friendly competition. Staff cohesion and morale were highly boosted during the tournament.

INVESTOR RELATIONS

At Baker Tech, we actively engage our stakeholders and the investing community by delivering timely communication of our financial performance and other corporate information. We comply and adhere to SGX-ST's Code of Corporate Governance and the disclosure-based regulatory regime.

To reach out to the investing community in a fair and timely manner, the Group's financial performance, business strategy and business developments through multiple communication platforms. The Group's website – www.bakertech.com.sg – is also kept updated with the financial performance, annual reports and SGX announcements. Investors may submit their queries through the Contact us page on our corporate website. Our IR team also maintains an open channel to respond to enquiries and feedback on a timely basis.

With senior management spearheading the Investor Relations team and the Board providing guidance, Baker Tech continues to build on its good investor relations practices and transparency levels.

Financial Calendar 2021	
February	Announcement of FY2020 Second Half and Full Year Results
April	Dispatch of Annual Report Annual General Meeting
July	Announcement of Half Yearly Results
December 31	End of Financial Year 2021

RISK MANAGEMENT

At Baker Tech, we are committed to maintaining our corporate governance standards with the aid of strong internal controls and a robust risk management system. With the impact and risk posed by the Covid-19 pandemic, the Group has further enhanced and built on our enterprise risk management ("ERM") framework. to minimise significant exposures to financial, industry-related and operational risks to better safeguard stakeholders' interest and the Group's assets whilst delivering sustainable value to shareholders. The ERM framework and all its implementation actions are regularly assessed and evaluated by the Board to ensure that the Group's strategic objectives and risk appetite are aligned.

Financial Risk

- Review Group's strategy and financial performance regularly to ensure continued liquidity
- Continue to explore new market opportunities for sustainable growth and development
- Adoption and practise a policy of collecting payment before delivery or an up-front collection of non-refundable deposits (where required)
- Where possible, hedge foreign currency fluctuations naturally by a sale or purchase of a matching asset or liability of the same currency and amount
- The Group undertakes spot conversion of excess foreign currencies to Singapore Dollar

Industry-Related Risks

- Cautiously reducing our cost base and curtailing discretionary expenditure to ensure that the Group remains resilient amidst adversity
- Exploration of new market opportunities for sustainable growth and development

Health and Safety Risks

- Cultivate safe-at-work habits and practices
- Raise awareness for certified in-house safety procedures and policies
- Attend regular training programmes and daily safety meetings and conduct safety promotions
- Conduct regular safety site walkabouts followed by WHSE meetings attended by WHSE committee members to review issues and opportunities for improvement, if any, and to highlight good safety observations
- Provide mandatory internal safety briefings and induction programmes and external competency training (where required) in addition to employee's orientation programmes. Provide Covid-19 related training and regular reminders to ensure adherence to SMM
- Conduct periodic fire evacuation and security drills to ensure preparedness and cooperation during emergencies

Operational Risks

- Maximise operational efficiency through any down time by sourcing of alternative sites to ensure continuity to fulfil customers' requirements
- Diversify vendor, supplier and subcontractor base to reduce reliance on any given suppliers
- Identify vendors/suppliers local to our yards or vessels ensure continuity of supplies
- Plan for business continuity and response measures to address disruption of business operations
- Improve IT security and accessibility to allow working from home as part of business continuity plan
- Reduce reliance on manual foreign workers by adopting automation (where possible) and technology
- Ensure that new contracts/charters have sufficient protection in relation to force majeure clauses including the potential adverse development of the Covid-19 pandemic

SUSTAINABILITY REPORT

GRI CONTENT INDEX

Disclosure Number	Disclosure Title	Reference/Comments
General Disclosures		
Organisation Profile		
102-1	Name of organisation	Baker Technology Limited
102-2	Activities, brands, products, and services	Page 04 – Corporate Structure Page 20 – Our Business
102-3	Location of headquarters	Page 05 – Corporate Information
102-4	Location of operations	Our operations are essentially conducted in Singapore
102-5	Ownership and legal form	Page 145 – Statistics of Shareholdings
102-6	Markets served	Page 10 – Operating Review
102-7	Scale of organisation	Page 10 – Operating Review Page 11 – Financial Review
102-8	Information on employees and other workers	Page 37 – Social and Governance
102-9	Supply chain	Page 37 – Social and Governance
102-10	Significant changes to the organisation and its supply chain	Page 20 – Our Business
102-11	Precautionary principle or approach	Page 47 – Risk Management
102-12	External initiatives	Page 46 – The Community
102-13	Membership of associations	Page 20 – Our Business
Strategy		
102-14	Statement from senior decision-maker	Page 08 – Chairman’s Statement
102-15	Key impacts, risks and opportunities	Page 08 – Chairman’s Statement
Ethics and Intergrity		
102-16	Values, principles, standards, and norms of behaviour	Page 33 – About Us
Governance		
102-18	Governance structure	Page 50 – Corporate Governance Report
Stakeholder Engagement		
102-40	List of stakeholder group	Page 34 – Stakeholder Engagement
102-41	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements
102-42	Identifying and selecting stakeholders	Page 34 – Stakeholder Engagement
102-43	Approach to stakeholder engagement	Page 34 – Stakeholder Engagement
102-44	Key topics and concerns raised	Our processes and procedures are subjected to regular reviews

Disclosure Number	Disclosure Title	Reference/Comments
General Disclosures		
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Page 85 – Notes to the Financial Statements
102-46	Defining report content and topic boundaries	Page 35 – Materiality Assessment
102-47	List of material topics	Page 35 – Materiality Assessment
102-48	Restatements of information	No restatement
102-49	Changes in reporting	No additional material topics disclosed
102-50	Reporting period	1 January 2020 to 31 December 2020
102-51	Date of most recent report	This is the 5th 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 based on reference to the Standards: Core option
102-55	GRI content index	Page 48 – GRI content index
102-56	External assurance	No assurance obtained
Specific Standard Disclosures		
Material Topic: Management Approach		
103-1/2/3	The management approach and its components	Page 36 – Environment
Material Topic: Anti-Corruption		
205-2	Communication and training about anti-corruption policies and procedures	Page 37 – Social and Governance
205-3	Confirmed incidents of corruption and action taken	Page 37 – Social and Governance
Material Topic: Environmental Compliance		
307-1	Non-compliance with enviromental laws and regulations	Page 36 – Environment
Material Topic: Occupational Health & Safety		
403-2	Hazard identification, risk assessment, and incident investigation	Page 37 – Social and Governance
403-4	Worker participation, consultation, and communication on occupational health and safety	Page 37 – Social and Governance
403-9	Work-related injuries	Page 37 – Social and Governance
Material Topic: Training and Education		
404-1	Average hours of training per year per employee	Page 32 – Our Year in Summary
Material Topic: Local Communities		
413-1	Operations with local community engagement, impact assessments and development programmes	Page 46 – The Community

CORPORATE GOVERNANCE REPORT

Baker 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.

This report sets out the Company's corporate governance practices for the financial year ended 31 December 2020 ("**FY2020**"), with specific reference to the principles and provisions of the Code of Corporate Governance 2018 (the "**Code**"). Where there were variations in the Company's corporate governance practices from the provisions as set out in the Code ("**Provisions**"), explanations as to how the Company's practices were consistent with the intent of the Principle in question are provided in the relevant paragraph of this report. The Company reviews its practices on ongoing basis, as and when required.

(A) BOARD MATTERS

The Board's Conduct of Affairs

<u>Principle 1:</u>
The Company is headed by an effective Board which is collectively responsible and works with Management for the long term success of the Company.

The Company is headed by an effective Board which oversees the business affairs and performance 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 board 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 with a view to achieving long-term success for the Company as well as to enhance the long-term value and returns to its shareholders. The Board delegates the formulation of business policies and day-to-day management to the Executive Directors.

Provision 1.1 of the Code

In discharging their fiduciary duties, all Directors are expected to exercise objective judgment and make decisions in the best interest of the Company. A Director who is interested in a transaction or proposed transaction will declare his/her interest and abstain from deliberation and voting unless the Board is of the opinion that his/her presence and participation is necessary to enhance the efficacy of such discussion. Directors facing conflicts of interest are required to abstain from voting in relation to conflict-related matters.

The Board has put in place a Code of Conduct Policy and Procedures to assist and guide the Group Directors and employees to better understand the general principles relating to conflicts of interest and in identifying, disclosing and managing conflict of interest situations. The Code of Conduct Policy and Procedures further serve to emphasise the Group's commitment to ethics and compliance with the law, for the protection of the Company's interest and the promotion of transparency for the benefit of shareholders and ensures proper accountability within the Group.

The Board has also adopted an Anti-Bribery & Corruption Policy detailing the Group's policy and procedures with respect to the conduct of the Group's business and operations in an ethical, honest, fair and professional manner. The Anti-Bribery & Corruption Policy applies to all Directors, officers, employees and contract workers (including crew) and, where necessary and appropriate, outside parties acting on behalf of the Group, including but not limited to consultants, representatives, agents and intermediaries engaged by the Group. A Gift & Hospitality Policy has been put in place to set out the Group's specific thresholds in relation to appropriate and acceptable gifts and hospitality to offer to or receive from clients, vendors and other relevant third parties.

Provision 1.2 of the Code

The Company has an orientation programme for newly appointed Directors where the Director 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 roles and responsibilities of a director, relevant Company's policies and procedures and regulatory guidelines relevant to the Group as well as a board meeting calendar for the relevant year. If a newly appointed Director does not have any prior experience as a director of a listed company, the Company will arrange for such first-time Director to attend the Mandatory Training in accordance to Rule 210(5)(a) of the Listing Manual, at the expense of the Company, conducted by the Singapore Institute of Directors in order for the first-time Director to familiarise himself/herself with the roles and responsibilities of a director of public listed company in Singapore. No new Director was appointed in FY2020.

The Directors are provided with updates on any changes in relevant laws and regulations, code of corporate governance, financial reporting standards and industry related matters, from time to time. In addition, the Directors are also encouraged to attend relevant training programmes, seminars and workshops to enhance their skills and knowledge. Where appropriate, the Directors' training expenses will be borne by the Company. At the Audit Committee ("**AC**") meetings, the external auditors would update the AC and the Board on new or revised accounting standards which are applicable to the Company or the Group.

The Nominating Committee ("**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 each Director in FY2020.

Provision 1.3 of the Code

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.

There is a formalised global authority matrix that sets out financial approval limits for the Board and Management regarding operational expenditure, capital expenditure, investments, financial costs and cheque signatory arrangements among others.

Provision 1.4 of the Code

The Board is supported by three Board Committees, namely the AC, the NC and the Remuneration Committee ("**RC**"), each with its own specific terms of reference setting out the authority and duties of the Board Committees. All the terms of reference for the Board Committees are approved by the Board. The Board accepts that while these Board Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations for the Board's endorsements, the ultimate responsibility on all matters lies with the Board. The summary of the terms of reference of the respective Board Committees and other relevant information on the Board Committees can be found in the subsequent sections of this Corporate Governance Report.

Provision 1.5 of the Code

As announced on 30 March 2020, the Company has ceased to publish its quarterly unaudited results and instead, the Company will publish its unaudited results announcement on a half-yearly basis. Board meetings are typically scheduled to coincide with half-yearly financial results reporting in order to facilitate review of unaudited half yearly and full year financial results of the Group. Quarterly board meetings are held after the close of each of the first and third quarters to provide updates to the Directors on the interim financial positions and performance of the Group. To facilitate Directors' attendance at meetings, the dates of Board and Board Committee meetings as well as Annual General Meeting ("**AGM**") are scheduled in advance, typically before the start of the financial year. 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.

CORPORATE GOVERNANCE REPORT

The number of the Board and Board Committee meetings held and attended during FY2020 are set out as follows [(1)]:

	Board		AC		RC		NC	
Directors	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
Wong Meng Yeng	5	5	5	5	1	1	1	1
Jeanette Chang	5	5	5	5*	1	1*	1	1
Dr Benety Chang	5	5	5	5*	1	1*	1	1*
Tan Yang Guan	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

Notes:

(1) *Refers to meetings held/attended while each Director was in office.*

* *Attended as invitees.*

Provision 1.6 of the Code

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 include but are 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 will be invited to attend the Board and AC meetings to answer queries from the Directors and members of the AC. The Directors have separate and independent access at all times to the Company's senior management to address any enquiries or requests for additional information, if necessary.

If a Director was unable to attend a Board or Board Committee meeting, he/she would still receive all the papers and materials for discussion at that meeting. The relevant director would review them and advise the Chairman or Board Committee Chairman of his/her views and comments (if any) on the matters to be discussed so that they may be conveyed to other members at the meeting.

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.

Provision 1.7 of the Code

The Board has separate and independent access to the Company Secretary, whose duties and responsibilities are clearly defined. The Company Secretary attends all Board meetings. The Secretary of Board Committees assists in ensuring coordination and liaison between the Board, Board Committees and Management. 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 Committee 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.

Where decisions to be taken by the Board require specialised knowledge or expert opinion, the Directors, either individually or as a group, are entitled to take independent professional advice, where appropriate, with such expense borne by the Company.

Board Composition and Guidance

<u>**Principle 2:**</u>
The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

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

Mr Wong Meng Yeng	Chairman, Independent Director
Ms Jeanette Chang	Chief Executive Officer, Executive Director
Dr Benety Chang	Executive Director
Mr Tan Yang Guan	Non-Executive Non-Independent Director
Mr Ang Miah Khiang	Independent Director
Ms Han Sah Heok Vicky	Independent Director

Provision 2.1, 2.2 & 2.3 of the Code

A Director who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Group, is considered to be independent.

The NC determines on an annual basis, and as and when circumstances require, whether or not a Director is independent, taking into account the criteria given in the Listing Manual, the Code and guidelines as to relationships in determining the independence of a Director. For the purpose of determining Directors' independence, every Independent Director and Non-Executive Non-Independent Director has provided a declaration of their independence or non-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. The NC is also satisfied that all the Independent Directors have no relationship (whether familial, business, financial, employment, or otherwise) with the Company, its related corporations, substantial shareholders or officers, which could interfere or be perceived to interfere with the Director's independent judgment. The NC has determined that Mr Tan Yang Guan shall remain as Non-Executive Non-Independent Director.

With half of the Board comprising of Independent Directors, the Group is in compliance with Rule 210(5)(c) of the SGX Listing Rules, thus providing a strong independence element on the Board, capable of open, constructive and robust debate on pertinent issues affecting the affairs and business of the Company and the Group. No individual or small group of individuals dominates the Board's decision-making process.

The NC noted that Mr Wong Meng Yeng has served beyond nine years since his first appointment. The Board firmly believes that a Director's contribution in terms of experience, expertise, professionalism, integrity, objectivity and independent judgment in engaging and challenging Management in the best interest of the Group as he performs his duties in good faith, are more critical measures in ascertaining his independence than the number of years served on the Board. Taking into consideration, among other things, Mr Wong Meng Yeng's active participation and performance on the Board and Board Committees, ability to act independently and provide the overall guidance to the Management to safeguard and protect the Company's assets and shareholders' interests and his valuable contributions to the Board and Board Committees' deliberations in challenging Management constructively on various issues including but not limited to reasonable checks and balances for the Management, the NC and Board concluded that Mr Wong Meng Yeng has at all times demonstrated independence in character and judgement in the best interests of the Company in the discharge of his director's duties and should therefore continue to be deemed an Independent Director. Mr Wong Meng Yeng had abstained from all discussions and voting in the assessment of his independence.

CORPORATE GOVERNANCE REPORT

With effect from 1 January 2022, a director will not be independent if he has served for an aggregate of more than nine years and his continued appointment as an Independent Director has to be sought and approved in separate resolutions by (a) all shareholders and (b) shareholders, excluding the directors and chief executive officer of the issuer, and associates of such directors and chief executive officer (the "**Two-Tier Voting**"). Such resolutions approved by a Two-Tier Voting may remain in force for three years from the conclusion of the AGM following the passing of the resolutions or the retirement or resignation of the director, whichever the earlier. Mr Wong Meng Yeng's continued appointment as an Independent Director will be subject to Two-Tier Voting at the forthcoming AGM.

None of the Directors are related to one another except for Dr Benety Chang and Ms Jeanette Chang. Ms Jeanette Chang is the daughter of Dr Benety Chang. The background of each Director is set out in the "Board of Directors" section of this Annual Report.

Provision 2.4 of the Code

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 current Board comprises of two female Directors and four male Directors with an age group ranging from mid 40s to more than 70 years old. Each Director has been appointed based on the strength of his/her calibre, experience, grasp of corporate strategy and potential to contribute to the Company and its businesses. 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 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.

Although the Company does not have a formal board diversity policy, due consideration would be given to the benefits of diversity and new Directors will continue to be selected on merits based on objective criteria. The Board does not intend to appoint persons as Directors by reason of their gender or age on the Board or simply to meet quotas. The Board has reservations on setting a quota as a target, as it may detract from the more fundamental principle that the candidate must be of the right fit and meet the relevant needs and vision of the Board and Company at the material time.

Key information regarding the Directors is set out in the "Board of Directors" section on pages 26 to 27 and "Directors' Statement" section on pages 72 to 75 of this Annual Report.

Provision 2.5 of the Code

The Independent Directors and Non-Executive Non-Independent Director 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 and on an as need basis, without the presence of Management and any relevant feedback would be provided to the Board and/or Chairman, as appropriate. The Company also benefits from Management's access to its Directors, and vice versa, for guidance and exchange of views both within and outside the formal environment of the Board and Board Committee meetings.

In addition, Independent Directors and Non-Executive Non-Independent Director are free to request for further clarification and have independent access to the Management. If necessary, they may initiate meetings to address any specific matter involving any member of the Management.

Chairman and Chief Executive Officer

Principle 3:
There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1 of the Code

There is a clear separation of roles and responsibilities of the Chairman and CEO to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. Mr Wong Meng Yeng, who is the Chairman of the Board, and Ms Jeanette Chang, the CEO of the Company, are not related to each other.

Provision 3.2 of the Code

The Chairman provides leadership to the Board. He sets the meeting agenda in consultation with the CEO, that Directors are provided with complete, adequate and timely information, promotes a culture of openness and debate at the Board as well as ensures 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 Independent Directors and Non-Executive Non-Independent Director in particular in order to promote high standards of corporate governance. The CEO is responsible for the day-to-day management and business operations and execution of strategies and policies for value creation and to achieve the long-term sustainable growth of the Group, with the support of the Executive Directors and the rest of the management team.

Provision 3.3 of the Code

Mr Wong Meng Yeng has relinquished his role as Lead Independent Director following his appointment as Chairman of the Board on 30 September 2019. Given Mr Wong Meng Yeng is an Independent Director, the position of Lead Independent Director is not required in line with the Code.

Board Membership

Principle 4:
The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provision 4.1 of the Code

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 Directors for re-appointment to the Board and the Board Committees, determine Directors' independence, evaluate performance of the Board as a whole, its Board Committees and the individual Directors, review of succession plans for Directors, in particular the appointments and resignations of the Chairman, CEO and Key Management Personnel and review Directors' training and continuous professional development programme.

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

Provision 4.2 of the Code

The NC comprises three Directors, majority of whom, including its Chairman, are Independent Directors. As at the date of this report, the members of the NC are Mr Wong Meng Yeng (Chairman of NC), Ms Han Sah Heok Vicky and Ms Jeanette Chang.

CORPORATE GOVERNANCE REPORT

Provision 4.3 & 4.4 of the Code

The NC makes recommendations to the Board on all board appointments and re-appointments. The selection of 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 including 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.

The NC also conducts an annual review of the independence of a Director having regard to the circumstances set forth in Provision 2.1 of the Code and Rule 210(5)(d) of the Listing Rules of SGX-ST. The NC has reviewed the independence of the Directors and affirmed that Mr Wong Meng Yeng, Mr Ang Miah Khiang and Ms Han Sah Heok Vicky are independent and free from any relationship outlined in the Code, which may affect their independence. Each of the Independent Directors has also confirmed his/her independence.

Provision 4.5 of the Code

The NC has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards and have other principal commitments. As a guide, Directors should not have 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 Director's actual conduct on the Board.

The NC had reviewed and was satisfied that no Director had exceeded the maximum limit of listed company board representations and other principal commitments in FY2020 and that each Director has given sufficient time and attention to the affairs of the Company and has been able to discharge his/her duties as a Director of the Company.

There are currently no alternate Directors appointed to the Board.

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 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. Each member of the NC shall abstain from deliberation in respect to his/her nomination as a Director.

The NC, with each NC member abstaining in respect of his own re-election, has recommended the nomination of Directors retiring under Article 110 of the Company's Constitution, namely Mr Wong Meng Yeng and Ms Jeanette Chang, for re-election at the forthcoming AGM. The Board has accepted the recommendations of the NC, and accordingly, Mr Wong Meng Yeng and Ms Jeanette Chang will be offering themselves for re-election. The details of Mr Wong Meng Yeng and Ms Jeanette Chang who will be retiring by rotation at the forthcoming AGM to be held on 28 April 2021 are set out on pages 153 to 158 of this Annual Report.

Key information regarding the Directors required under Provision 4.5 of the Code is set out below:

Name of Director	Date of First Appointment	Date of Last Re-election	Present Directorships in Other Listed Companies and Other Principal Commitments	Past Directorships in Other Listed Companies held over the preceding 3 years
Mr Wong Meng Yeng	3 Jun 2010	27 April 2018	Present Directorship in Other Listed Companies: Independent Director of Multi-Chem Limited Other Present Principal Commitments: Director of Alliance LLC	KS Energy Limited Keong Hong Holdings Limited
Ms Jeanette Chang	1 Sep 2013	26 April 2019	Present Directorship in Other Listed Companies: Non-Executive Non-Independent Director of CH Offshore Ltd. Other Present Principal Commitments: Nil	Nil
Dr Benety Chang	5 May 2000	19 June 2020	Present Directorship in Other Listed Companies: Executive Director of CH Offshore Ltd. Other Present Principal Commitments: CEO of CH Offshore Ltd.	Nil
Mr Tan Yang Guan	5 May 2000	19 June 2020	Present Directorship in Other Listed Companies: Nil Other Present Principal Commitments: Nil	Nil
Mr Ang Miah Khiang	1 Nov 2013	26 April 2019	Present Directorship in Other Listed Companies: Nil Other Present Principal Commitments: Nil	PS Group Holdings Ltd Katrina Group Ltd SK Jewellery Group Limited
Ms Han Sah Heok Vicky	1 Dec 2013	26 April 2019	Present Directorship in Other Listed Companies: Nil Other Present Principal Commitments: Director of BA Contracts Pte Ltd	Nil

CORPORATE GOVERNANCE REPORT

Board Performance

Principle 5:
The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual Directors.

Provision 5.1 & 5.2 of the Code

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 annual assessment of individual Directors by the NC 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, interaction with fellow Directors, Management and other relevant parties and the Director's self-assessment. This evaluation process also serves to determine whether new members are required to be added to the Board or to seek the resignation of Directors.

The effectiveness of the Board Chairman is assessed by the NC members, namely Ms Han Sah Heok Vicky and Ms Jeanette Chang on attributes such as leadership, ethics and values, knowledge, interaction and communication skills. The NC is of the view that the Board Chairman has been carrying out his role and duties as Chairman on the Board competently and has no issue with Mr Wong Meng Yeng carrying on with his dual role as Board Chairman and NC Chairman. Mr Wong Meng Yeng had abstained from any discussion or voting in view of his dual role as Board Chairman and NC Chairman.

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

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.

The NC is of the view that the primary objective of the assessment exercise is to create a platform to identify the Board's strengths and make recommendations for improvements to be tabled to the Board for discussion and comment with a view to strengthening the effectiveness of the Board. The Company has not engaged any external facilitator to conduct the performance evaluation of the Board and Board Committees and individual Director. Where relevant and when the need arises, the NC will consider such an engagement.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6:
The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and Key Management Personnel. No Director is involved in deciding his or her own remuneration.

Provision 6.1 of the Code

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.

The recommendations of the RC have been submitted for endorsement by the Board of Directors.

Provision 6.2 of the Code

The RC comprises three Directors, who are Independent Directors. As at the date of this report, the members of the RC are Ms Han Sah Heck Vicky (Chairman of RC), Mr Ang Miah Khiang and Mr Wong Meng Yeng.

Provision 6.3 of the Code

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.

Provision 6.4 of the Code

In discharging its functions, the RC may, at the Company's expense, obtain such independent legal and other professional advice as it deems necessary. For FY2020, no remuneration consultant was appointed to review the remuneration of Directors and Key Management Personnel.

CORPORATE GOVERNANCE REPORT

Level and Mix of Remuneration

Principle 7:
The level and structure of remuneration of the Board and Key Management Personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company

Provision 7.1 & 7.3 of the Code

The Group's remuneration policy for Executive Directors and Key Management Personnel comprises a base/fixed salary, an allowance and a variable performance related bonus that is linked to the Company/Group and individual performance and designed to align the interests of the Executive Directors and Key Management Personnel with those of shareholders and other stakeholders 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. Consideration is also given to whether the remuneration packages are competitive and sufficient to ensure that the Company is able to attract and retain the best available executive talent, without being excessively generous and be able to motivate the Executive Directors to provide good stewardship of the Company and together with Key Management Personnel to successfully manage the Company for the long term. The Executive Directors do not receive any Director's fees.

The RC reviews the remuneration of Directors and Key Management Personnel on an annual basis to ensure that it is commensurate with their performance, giving due regard to the financial and commercial health and business needs of the Company.

To promote the long-term success of the Company, none of the Executive Directors' and Key Management Personnel's remuneration is tied solely and specifically to the profitability of the Company or the Group.

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

Provision 7.2 of the Code

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

The Directors' fee framework for the financial year ending 31 December 2021 ("**FY2021**") is the same as that for FY2020, as follows:

Basic Fee for Board Members	$42,000 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 28 April 2021, for the payment of Directors' fees of S$236,250 to be paid quarterly in arrears for FY2021.

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.

Disclosure on Remuneration

Principle 8:
The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provisions 8.1(a) and 8.3 of the Code

The Directors' remuneration for FY2020 is set out below:

Name of Directors	Fees ($)	Salary, CPF & Allowance ($)	Bonus ($)	Other Benefits[3] ($)	Total ($)
Wong Meng Yeng	99,750	–	–	–	99,750
Jeanette Chang[3]	–	489,276	74,256	48,000[2]	611,532
Dr Benety Chang[3]	–	579,174	85,304	–	664,478
Tan Yang Guan	–	–	–	160,428[1]	160,428
Ang Miah Khiang	68,250	–	–	–	68,250
Han Sah Heok Vicky	68,250	–	–	–	68,250

Notes:

(1) *This relates to consultancy fees paid by the Group.*

(2) *This relates to Director fees paid by a subsidiary.*

(3) *Ms Jeanette Chang, the CEO and Executive Director, is the daughter of Dr Benety Chang (Executive Director of the Company).*

CORPORATE GOVERNANCE REPORT

Provisions 8.1(b) and 8.3 of the Code

The remuneration in FY2020 of Key Management Personnel (who are not Directors or the CEO) are set out below in bands of $250,000:

Name of Key Management Personnel	Designation	Salary, CPF & Allowance (%)	Bonus (%)	Other Benefits (%)
$500,000 and up to $750,000				
Tan Wee Lee	Managing Director (Baker Engineering Pte. Ltd., Sea Deep Shipyard Pte. Ltd, Sea Hercules Cranes Pte. Ltd.)	77	23	–
$250,000 and up to $500,000				
Tan Kiang Kherng	Chief Financial Officer (Baker Technology Limited)	75	14	11 (2)
Heath McIntyre (1)	Managing Director (BT Investment Pte. Ltd.)	100	–	–

Notes:

(1) *Heath McIntyre resigned on 20 November 2020.*

(2) *This relates to Director fees paid by a subsidiary*

The aggregate remuneration paid to the three Key Management Personnel for FY2020 was $$1,340,398.

There were no termination, retirement and post-employment benefits granted to any Director, the CEO and Key Management Personnel for FY2020.

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.

Provision 8.2 of the Code

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 $100,000 during FY2020. "Immediate family member" means spouse, child, adopted child, step-child, brother, sister and parent.

(C) ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9:
The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

Provision 9.1 of the Code

Risk management is an integral part of the Group's business strategy. In order to safeguard and create value for stakeholders, the Group proactively manages risks and embeds the risk management process into the Group's planning and decision-making process. The Board has overall responsibility for the management of the Group's key risks to safeguard shareholders' interests and its assets. The Board considers the nature and extent of the significant risks which the Company may take in achieving its strategic objectives and value creation. 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 are 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 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. Such material internal control weaknesses noted by the internal and external auditors, and recommendations, if any, are reported to the AC.

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 proactively and constantly review the business operations and the environment that the Group operates in order to identify areas of risks 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, 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 the risk registers on a half yearly basis. Appropriate mitigating actions in managing the key risks, as well as action plans to address the gaps are considered, documented and put in place to safeguard shareholders' interests and the Group's assets.

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.

Provision 9.2 (a) and 9.2(b) of the Code

For the half yearly unaudited financial statements issued during FY2020, the Board provided a negative assurance confirmation to shareholders, confirmed 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 in any material aspect.

During the year under review, the Board has received written assurances from the CEO and the CFO as well as the relevant Key Management Personnel 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 in addressing material risks in the Group in its current business environment.

Pursuant to the Rule 720(1) of the Listing Rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), all the Directors and Executive Officers of the Group have signed a letter of undertaking.

CORPORATE GOVERNANCE REPORT

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 Group's risk management systems and internal controls were adequate and effective as at 31 December 2020 to address financial, operational, compliance and information technology controls and risk management systems within 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.

The Board is updated quarterly on the Group's financial position and performance with explanations for significant variances in financial performance provided. The Board is also provided with quarterly updates on key business and operational activities.

As part of the risk management process, general IT controls and cyber security measures are also reviewed to ensure that IT risks and cybersecurity threats are identified and mitigated. In addition, as part of IT policy, robust data back-up systems are put in place to ensure that the Group's critical data and information can be restored and accessed during a crisis.

AUDIT COMMITTEE

Principle 10:
The Board has an Audit Committee which discharges its duties objectively.

Provision 10.1 of the Code

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

(i) review (a) half yearly and full year financial statements of the Group before submission to the Board for approval of publication via SGXNet; and (b) interim financial positions and performance of the Group;

(ii) review the significant financial reporting issues and judgements (including legal and regulatory matters that may have material impact on the financial statements), changes in accounting policies and standards and major risk areas so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

(iii) review the adequacy, effectiveness, scope and results of the external audit work, cost effectiveness of the audit, and the independence and objectivity of the external auditors taking into consideration the requirements under the Accountants Act (Chapter 2) of Singapore;

(iv) review the adequacy, effectiveness and independence of the internal auditors, the scope of the internal audit procedures, the results of the internal audit and monitoring the responses to their findings to ensure that appropriate follow-up measures are taken;

(v) review the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance, information technology controls and risk management systems, relying on reviews carried out by the internal auditors;

(vi) recommend to the Board on the appointment and re-appointment of the external auditors and matters relating to the resignation or dismissal of the auditors;

(vii) review interested person transactions (if any) falling within the scope of the Listing Manual of the SGX-ST;

(viii) review arrangement by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, so as to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow up action. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns;

(ix) review the assurance from the CEO and the CFO on the financial records and financial statements;

(x) investigate any matter which falls within the AC's terms of reference, having full access to and co-operation by Management and the full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly;

(xi) undertake such other reviews and projects as may be requested by the Board of Directors and report to the Board of Directors its findings from time to time on matters arising and requiring the attention of the AC; and

(xii) undertake such other functions and duties as may be prescribed by statute and the Listing Rules or recommended by the Code and by such amendments made thereto from time to time.

The AC met five times during the year under review. Details of AC members and their attendance at meetings are provided on page 52. The auditors (if required), the CEO, the CFO and Company Secretary were also in attendance.

The AC has full access to and cooperation of 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.

During the year, the AC reviewed the half yearly and full year results of FY2020, including the adequacy of disclosures as well as the key changes in accounting policies applied. In the review of the financial statements, the AC has discussed the Key Audit Matters with Management and the external auditor. The AC concurs with the basis and conclusions in the auditors' report with respect to Key Audit Matters.

Provision 10.2 of the Code

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.

The Board considers Mr. Ang Miah Khiang, a fellow with the Institute of Singapore Chartered Accountants who has extensive and practical financial management knowledge and experience, well-qualified to chair the AC. All members of the AC are appropriately qualified, with at least two members having the requisite financial management expertise and experience.

Provision 10.3 of the Code

The AC does not have any member who is a former partner or Director of the Company's existing audit firm.

Provision 10.4 of the Code

The Company's internal audit function is outsourced and its current internal auditor is 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 the Company's documents, records, properties and personnel, including access to the AC. The IA's primary line of reporting would be to the AC. The AC is satisfied that the Group's internal audit function was independent, effective and adequately resourced.

The IA function is independent of the activities it audits and has appropriate standing within the Group. 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.

CORPORATE GOVERNANCE REPORT

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

During FY2020, the IA completed an internal audit review of the Group on key processes such as information technology general control environment, project management, procurement and payment, inventory management, invoicing, receipt and credit control. The findings and recommendations of the IA, Management's responses and Management's implementations have been reviewed and approved by the AC.

Provision 10.5 of the Code

The AC had met with the Company's external and internal auditors once without the presence of Management during FY2020 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 AC reviewed and approved the external auditor's audit plan for the year and assessed the quality of the work carried out by the external auditors in accordance with the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority ("**ACRA**"), and is satisfied with the performance of its external auditors. Taking into account the requirements under the Accountants Act (Chapter 2) of Singapore, the aggregate amount of fees payable to the external auditors, Ernst & Young LLP ("**EY**"), during the year under review for audit and non-audit fees amounted to $228,000 and $17,000 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 has not prejudiced and effected 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 2021, 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.

EY is an audit firm registered with the ACRA. 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 EY for re-appointment as statutory auditor at the forthcoming AGM.

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.

(D) SHAREHOLDERS RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11:
The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provision 11.1 of the Code

The Group recognises the importance of maintaining transparency and accountability to its shareholders. The Company endeavours to treat all shareholders 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.

Provision 11.2 of the Code

Each distinct issue is proposed as a separate resolution at general meetings. All resolutions proposed at general meetings shall be put to vote by way of a poll pursuant to Rule 730A(2) of the Listing Manual. All votes cast, for or against, and the respective percentages, in respect of each resolution are tallied and disclosed at the meeting and an announcement with the detailed results showing the numbers of votes cast for and against for each resolution and the respective percentage will be released via SGXNet after the general meetings.

Provision 11.3 of the Code

The Chairman of each of the AC, RC and NC, or members of the respective Committees standing in for them, are present at each AGM, and other general meetings held by the Company, if any, to address shareholders' queries. Management is also present at general meetings to respond, if necessary, to operational questions from shareholders that may be raised. The external auditor will also be present to address queries regarding the conduct of the audit and the preparation and content of the auditor's report.

Provision 11.4 of the Code

The Group believes in encouraging shareholders' participation at general meetings. A shareholder who is entitled to attend and vote may either vote in person or in absentia through the appointment of one or more proxies (who can either be named individuals nominated by the shareholder to attend the meeting or the Chairman of the meeting as the shareholder may select). The Company's Constitution allows a shareholder of the Company to appoint up to two proxies to attend and vote in place of the shareholder. Specified intermediaries, such as banks and capital markets services licence holders which provide custodial services, may appoint more than two proxies. This will enable indirect investors, including CPF investors, to be appointed as proxies to participate in shareholders' meetings. Such indirect investors, where so appointed, will have the same rights as direct investors to vote at the shareholders' meetings. Voting in absentia by mail, facsimile or email is currently not permitted to ensure proper authentication of the identity of shareholders and their voting intent.

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 links to SGX-ST's Guide to Investing and E-learning page have been included on the Company's website under "Investor Relations" with the aim of providing further assistance to shareholders in their investment activities.

CORPORATE GOVERNANCE REPORT

Provision 11.5 of the Code

Minutes of general meetings recording the substantial and relevant comments and queries relating to the agendas of the general meetings raised by shareholders, together with responses from the Board and Management, are prepared by the Company Secretary. These minutes will be made available to shareholders upon their request.

Provision 11.6 of the Code

The Company does not have a formal dividend policy. 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. In light of the uncertain operating environment caused by the Covid-19 pandemic and the Group's result for FY2020, the Board has reviewed and recommended no dividend for FY2020.

Engagement with Shareholders

Principle 12:
The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

Provision 12.1, 12.2 and 12.3 of the Code

The Company does not practise selective disclosure. In line with continuing disclosure obligations of the Company pursuant to the Listing Rules and the Companies Act (Chapter 50) of Singapore, the Board's policy is that all shareholders should be informed (through SGXNet) of all major developments that impact the Group on an equal and timely basis. All material information including results announcements, are disclosed regularly and in a timely manner via SGXNet and the Company's website.

The Company's website at www.bakertech.com.sg is the key resource of information for shareholders. Among other things, it contains corporate announcements, media releases, financial results and annual reports. To serve the Company's investing community better, the Group has ensured that each of its subsidiaries has a standalone company website describing its unique company profile, activities and operations. The investing community can reach out to the Group via Contact Us pages on each website or via the dedicated investor relations email address found on the Group's media releases.

All shareholders of the Company are sent a copy of the Annual Report and notice of the AGM. The notice of AGM, which sets out all items of business to be transacted at the AGM, is also advertised in the newspapers.

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, are available to answer any question or concerns regarding the Company.

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 Group has specifically entrusted its Executive Director, CEO and the CFO with the responsibility of facilitating communications with shareholders and analysts and attending to their queries or concerns.

Although the Company does not have an investor relations policy, other than communicating with shareholders at the AGM, shareholders may raise questions to the Company through the Company's website.

In view of the Covid-19 pandemic, the AGM scheduled on 28 April 2021 will be held via electronic means pursuant to the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to attendance at the forthcoming AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance, addressing of substantial and relevant questions and voting by appointing the Chairman of the meeting as proxy at the forthcoming AGM, are set out in the Notice of the forthcoming AGM. Printed copies of Annual report, Notice of AGM and Proxy Form will be despatched to the Shareholders. Minutes of AGM will be published within one month after the AGM via SGXNet and the Company's corporate website.

(E) MANAGING STAKEHOLDER RELATIONSHIPS

Engagement with Stakeholders

Principle 13:
The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

Provision 13.1, 13.2 & 13.3 of the Code

The Company regularly engages its stakeholders through various medium and channels to ensure that its business interests are aligned with those of its stakeholders. The Company's stakeholders have been identified as those who are impacted by the Company's business and operations and those who similarly are able to impact the Company's business and operations. The Company's efforts on sustainability are focused on creating sustainable value for its key stakeholders, which include community and environment, customers, employees, suppliers and shareholders/investors.

The Company has identified key areas of focus in relation to the management of stakeholder relationships. For details on the key areas of focus, please refer to the Sustainability Report on pages 32 to 49 of this Annual Report.

(F) 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 reminders to Directors, officers and employees on the restrictions in dealings in shares of the Company during the period commencing one month before the announcement of each of the Company's each of half yearly and 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 and trade 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.

(G) INTERESTED PERSON TRANSACTIONS POLICY

The Company monitors all its interested person transaction closely and all interested person transactions are subject to review by the AC.

There were no interested person transactions conducted during the year which exceeds S$100,000 in value.

The Group does not have a general mandate from shareholders for interested person transactions.

CORPORATE GOVERNANCE REPORT

(H) MATERIAL CONTRACTS

There were no material contracts of the Company and its subsidiaries involving the interests of the CEO, any 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.

(I) 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

FINANCIAL CONTENT

DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

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 2020.

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 2020, 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:

Wong Meng Yeng	(Chairman, Independent Director)
Jeanette Chang	(Chief Executive Officer, Executive Director)
Dr Benety Chang	(Executive Director)
Tan Yang Guan	(Non-Executive Non-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' 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 share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:-

	Direct interest		Deemed interest	
Name of director	At 1.1.2020	At 31.12.2020	At 1.1.2020	At 31.12.2020
The Company				
Baker Technology Limited				
Ordinary shares				
Dr Benety Chang	87,003,837	87,747,437	19,151,771	19,151,771
Tan Yang Guan	4,128,554	4,128,554	–	–
Han Sah Heok Vicky	100,000	100,000	–	–
CH Offshore Ltd.				
Ordinary shares				
Dr Benety Chang	–	–	387,535,300	387,535,300

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2021.

Except as disclosed in this statement, 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 of the financial year, 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

For the financial year ended 31 December 2020

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:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditors' evaluation of the adequacy and effectiveness of the Group's system of internal controls and the assistance given by management to the external and internal auditors;

- Reviewed findings and recommendations of the internal and external auditors relating to the internal control systems of the Group and management responses and actions to correct any deficiencies;

- Reviewed the half-yearly and annual financial statements, result of the audit and the auditors' report on the annual financial statements of the Group and the Company before their submission to the board of directors;

- Reviewed the adequacy and effectiveness of the Group's material internal controls, relating to financial, operational, compliance and information technology controls and risk management;

- Met with the internal and external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

- Reviewed 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;

- Reviewed the independence and objectivity of the external auditor and the nature and extent of non-audit services provided by the external auditor;

- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and results of the audit;

- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate; and

- Reviewed 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 also conducted a review of interested person transactions.

The AC convened five meetings during the year with full attendance from all members. 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 Report on Corporate Governance.

AUDITOR

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

On behalf of the board of directors:

Wong Meng Yeng
Chairman

Jeanette Chang
Chief Executive Officer

Singapore
16 March 2021

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2020

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 2020, 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 Singapore Financial Reporting Standards (International) (SFRS(I)) 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 2020 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.

Key audit matters (cont'd)

Impairment assessment of vessels

As at 31 December 2020, the Group owned 7 vessels with an aggregate carrying value of $169,510,000. Due to the presence of impairment indicators, impairment testing was conducted by comparing the carrying amount of the vessels to their recoverable amounts, determined based on the value-in-use calculation. $11,712,000 was recorded as impairment loss in the current year. This area was significant to our audit as the carrying value of the vessels represented 64% of the Group's total assets as at 31 December 2020 and significant judgement and estimates were involved in determination of the recoverable amount of the vessels.

Our audit procedures included, amongst others, obtaining an understanding of management's impairment assessment process, including the identification of cash-generating units and indicators of impairment. We involved our internal valuation specialist in reviewing the valuation methodology and key valuation parameters used by management such as discount rate, charter rates, dry-docking expenditure and residual values against comparable market data, considering the specifications and the age of the vessels. We also tested the reasonableness of management's key assumptions to available industry and historical data applicable to the Group, taking into consideration the impact associated with Covid-19 pandemic. In addition, we also reviewed the adequacy of disclosures on the key sources of estimation used in determining the recoverable amounts and carrying value of vessels set out in Note 3 and Note 10 to the consolidated financial statements respectively.

Recoverability of trade receivables

As at 31 December 2020, the carrying amount of the Group's trade receivables, net of allowance for expected credit losses (ECL) of $4,962,000 amounted to $15,456,000, which represented 21% of its current assets.

Due to the inherent risk surrounding the oil and gas industry which the Group operates in, the credit quality of the Group's customers may have impacted, giving rise to increased risks in collection of trade receivables. The Group determines the ECL of trade receivables by making debtor-specific assessment of expected impairment loss for overdue trade receivables and using a provision matrix for remaining trade receivables that is based on its historical credit loss experience, debtors' ability to pay and forward-looking information specific to the debtors and economic environment. This assessment requires management to exercise significant judgement. Accordingly, we determined this as a key audit matter.

Our audit procedures included, amongst others, obtaining an understanding of the Group's processes and key controls relating to the monitoring of trade receivables and considering their ageing to identify collection risks as well as the Group's process in determining whether a debtor is credit impaired. We performed audit procedures including, amongst others, reviewing the ECL model used by the management in assessing the recoverability of trade receivables and reviewing management's assessment of the recoverability of long outstanding and overdue trade receivables. We tested the reasonableness of management's assumptions and inputs used in the ECL model by comparing to historical credit loss rates, and reviewed data and information that management has used, including consideration of forward-looking information based on specific economic data and relevant considerations of the Covid-19 pandemic. We checked the arithmetic accuracy of management's computation of ECL. We reviewed the debtor ageing analysis and checked to subsequent receipts from major debtors. We obtained documentary evidence, representation and explanations from management to assess the recoverability of long outstanding debts, where applicable. In addition, we reviewed the adequacy of the disclosures relating to impairment of trade receivables and credit risk in Note 19 and Note 26(c) to the consolidated financial statements respectively.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2020

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 SFRS(I), 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.

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.

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

- 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.

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 Yee Woon Yim.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
16 March 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2020

	Note	Group 2020 $'000	Group 2019 $'000
Revenue	5	**63,164**	64,482
Cost of sales		**(54,332)**	(47,222)
Gross profit		**8,832**	17,260
Other income	6	**2,971**	744
Administrative expenses		**(20,128)**	(28,051)
Finance cost		**(788)**	(929)
Other expenses	6	**(16,794)**	(991)
Share of results of associated companies		**–**	(4,953)
Loss before tax	7	**(25,907)**	(16,920)
Income tax expense	8	**(26)**	(1,021)
Loss for the year		**(25,933)**	(17,941)
Loss for the year attributable to:			
Owners of the Company		**(13,797)**	(9,392)
Non-controlling interests		**(12,136)**	(8,549)
		(25,933)	(17,941)
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Net fair value gain/(loss) on equity instruments at fair value		**340**	(213)
Items that may be reclassified subsequently to profit or loss			
Net fair value gain on debt instruments at fair value		**–**	16
Foreign currency translation		**(1,174)**	(1,487)
Other comprehensive income for the year, net of tax		**(834)**	(1,684)
Total comprehensive income for the year attributable to owners of the Company		**(26,767)**	(19,625)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(14,263)**	(10,485)
Non-controlling interests		**(12,504)**	(9,140)
Total comprehensive income		**(26,767)**	(19,625)
Earnings per share attributable to owners of the Company			
Basic and diluted (in cents)	9	**(6.8)**	(4.6)

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

BALANCE SHEETS

As at 31 December 2020

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Non-current assets					
Property, plant and equipment	10	**180,310**	209,759	**3**	4
Right-of-use assets	11	**4,324**	5,465	**–**	–
Intangible assets	12	**1,034**	1,293	**–**	–
Investment in subsidiaries	13	**–**	–	**88,600**	88,600
Investment in associated companies	14	**–**	–	**–**	–
Investment securities	16	**2,513**	2,173	**2,513**	2,173
		188,181	218,690	**91,116**	90,777
Current assets					
Contract assets	5	**2,183**	984	**–**	–
Inventories and work-in-progress	18	**2,373**	2,637	**–**	–
Trade and other receivables	19	**18,449**	21,048	**65**	74
Prepaid operating expenses		**474**	396	**32**	36
Amounts due from subsidiaries	20	**–**	–	**101,186**	94,239
Loan to an associated company	15	**5,780**	7,458	**–**	–
Investment securities	16	**–**	270	**–**	270
Cash and short-term deposits	21	**44,316**	45,222	**24,556**	24,666
		73,575	78,015	**125,839**	119,285
Assets held for sale	10	**1,748**	–	**–**	–
		75,323	78,015	**125,839**	119,285
Less: Current liabilities					
Contract liabilities	5	**316**	269	**–**	–
Trade and other payables	22	**10,868**	16,523	**538**	597
Loans and borrowings	23	**10,008**	9,512	**–**	–
Amounts due to subsidiaries	20	**–**	–	**4,861**	7,003
Income tax payable		**1,107**	1,309	**–**	–
		22,299	27,613	**5,399**	7,600
Net current assets		**53,024**	50,402	**120,440**	111,685
Non-current liabilities					
Deferred tax liabilities	17	**4,417**	5,519	**–**	–
Loans and borrowings	23	**7,549**	6,553	**–**	–
Provision	22	**1,550**	1,550	**–**	–
		13,516	13,622	**–**	–
Net assets		**227,689**	255,470	**211,556**	202,462
Equity attributable to owners of the Company					
Share capital	24	**108,788**	108,788	**108,788**	108,788
Reserves		**85,265**	100,542	**102,768**	93,674
		194,053	209,330	**211,556**	202,462
Non-controlling interests		**33,636**	46,140	**–**	–
Total equity		**227,689**	255,470	**211,556**	202,462

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 2020

	Attributable to owners of the Company							
Group	Share capital (Note 24) $'000	Capital reserve [1] $'000	Retained earnings $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Total reserves $'000	Non-controlling interests $'000	Total equity $'000
2020								
At 1 January 2020	108,788	2,344	98,601	561	(964)	100,542	46,140	255,470
Loss for the year	–	–	(13,797)	–	–	(13,797)	(12,136)	(25,933)
Other comprehensive income								
Net fair value changes on equity instruments at FVOCI	–	–	–	340	–	340	–	340
Foreign currency translation	–	–	–	–	(806)	(806)	(368)	(1,174)
Total comprehensive income for the year	–	–	(13,797)	340	(806)	(14,263)	(12,504)	(26,767)
Contributions by and distributions to owners								
Dividend on ordinary shares (Note 29)	–	–	(1,014)	–	–	(1,014)	–	(1,014)
At 31 December 2020	108,788	2,344	83,790	901	(1,770)	85,265	33,636	227,689
2019								
At 1 January 2019	108,788	2,344	109,007	758	(68)	112,041	55,280	276,109
Loss for the year	–	–	(9,392)	–	–	(9,392)	(8,549)	(17,941)
Other comprehensive income								
Net fair value changes on equity instruments at FVOCI	–	–	–	(213)	–	(213)	–	(213)
Net fair value changes on debt instruments at FVOCI	–	–	–	16	–	16	–	16
Foreign currency translation	–	–	–	–	(896)	(896)	(591)	(1,487)
Total comprehensive income for the year	–	–	(9,392)	(197)	(896)	(10,485)	(9,140)	(19,625)
Contributions by and distributions to owners								
Dividend on ordinary shares (Note 29)	–	–	(1,014)	–	–	(1,014)	–	(1,014)
At 31 December 2019	108,788	2,344	98,601	561	(964)	100,542	46,140	255,470

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

Company	Share capital (Note 24) $'000	Capital reserve [1] $'000	Retained earnings $'000	Fair value reserve $'000	Total reserves $'000	Total equity $'000
	Attributable to owners of the Company					
2020						
At 1 January 2020	108,788	2,344	90,769	561	93,674	202,462
Profit for the year	–	–	9,768	–	9,768	9,768
Other comprehensive income						
Net fair value changes on equity instruments at FVOCI	–	–	–	340	340	340
Total comprehensive income for the year	–	–	9,768	340	10,108	10,108
Contributions by and distributions to owners						
Dividend on ordinary shares (Note 29)	–	–	(1,014)	–	(1,014)	(1,014)
At 31 December 2020	108,788	2,344	99,523	901	102,768	211,556
2019						
At 1 January 2019	108,788	2,344	86,362	758	89,464	198,252
Profit for the year	–	–	5,421	–	5,421	5,421
Other comprehensive income						
Net fair value changes on equity instruments at FVOCI	–	–	–	(213)	(213)	(213)
Net fair value changes on debt instruments at FVOCI	–	–	–	16	16	16
Total comprehensive income for the year	–	–	5,421	(197)	5,224	5,224
Contributions by and distributions to owners						
Dividend on ordinary shares (Note 29)	–	–	(1,014)	–	(1,014)	(1,014)
At 31 December 2019	108,788	2,344	90,769	561	93,674	202,462

(1) Capital reserve arose from restructuring exercise in prior years.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2020

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Loss before tax		**(25,907)**	(16,920)
Adjustments for:			
Depreciation of property, plant and equipment	10	**16,132**	17,044
Depreciation of right-of-use assets	11	**1,141**	1,140
Amortisation of intangible assets	12	**259**	258
Inventories written down/(reversal of inventories written down)	18	**137**	(34)
Impairment of vessels	6	**11,712**	–
Impairment on loan to an associated company	6	**1,605**	–
Allowance for expected credit losses	19	**2,958**	1,847
Interest income	6	**(249)**	(658)
Interest expense		**788**	929
Unrealised foreign exchange loss		**1,687**	437
Loss on disposal of property, plant and equipment	6	**2,230**	424
Share of results of associated companies		**–**	4,953
Operating cash flows before working capital changes		**12,493**	9,420
Decrease/(increase) in inventories and work-in-progress		**127**	(1,427)
(Increase)/decrease in contract assets		**(1,199)**	87
Increase in contract liabilities		**47**	269
(Increase)/decrease in trade and other receivables		**(1,272)**	1,214
(Increase)/decrease in prepaid operating expenses		**(78)**	273
(Decrease)/increase in trade and other payables		**(5,707)**	5,948
Cash flows from operations		**4,411**	15,784
Interest received		**261**	652
Interest paid		**(788)**	(929)
Income tax paid		**(1,270)**	(218)
Net cash flows from operating activities		**2,614**	15,289
Cash flows from investing activities			
Purchase of property, plant and equipment	10	**(6,662)**	(942)
Proceeds from disposal of property, plant and equipment		**3,444**	2,579
Maturity of investment securities		**270**	790
Purchase of investment securities		**–**	(166)
Repayment from associate		**–**	1,707
Net cash flows (used in)/from investing activities		**(2,948)**	3,968
Cash flows from financing activities			
Proceeds from borrowings	23	**3,500**	–
Repayment of borrowings	23	**(1,209)**	(753)
Payment of principal portion of lease liabilities	23	**(799)**	(751)
Dividend on ordinary shares	29	**(1,014)**	(1,014)
Net cash flows from/(used in) financing activities		**478**	(2,518)
Net increase in cash and cash equivalents		**144**	16,739
Effect of exchange rate changes on cash and cash equivalents		**(1,050)**	(437)
Cash and cash equivalents at beginning of financial year		**45,222**	28,920
Cash and cash equivalents at end of financial year	21	**44,316**	45,222

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

NOTES TO THE FINANCIAL STATEMENTS

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 consolidated financial statements of Baker Technology Limited and its subsidiaries (collectively, the "Group") for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 16 March 2021.

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 and associated companies are disclosed in Notes 13 and 14 to the financial statements respectively.

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 (International) (SFRS(I)).

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.

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS

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

2.1 ***Basis of preparation (cont'd)***

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.2 ***Changes in accounting policies***

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

2.3 ***Standard 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 SFRS(I) 16 *Covid-19 Related Rent Concessions*	1 June 2020
Amendments to SFRS(I) 1-1 *Classification of liabilities as current or non-current*	1 January 2023
Amendments to SFRS(I) 3 *Reference to the Conceptual Framework*	1 January 2022
Amendments to SFRS(I) 1-16 *Property, plant and equipment – Proceeds before intended use*	1 January 2022
Amendments to SFRS(I) 1-37 *Onerous contracts – Cost of fulfilling a contract*	1 January 2022
Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 16 *Interest rate benchmark reform – phase 2*	1 January 2021
Annual improvements to SFRS(I)s 2018 – 2020	1 January 2022

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

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

2.4 *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. Control is achieved when the Group 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. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. In circumstances where there are arrangements between the parent and the non-controlling interests that affect the attribution of losses to the non-controlling interests, the deficit balance will not be recognised.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scare or cannot be replaced without significant cost, effort or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SFRS(I) 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SFRS(I) 9. Other contingent consideration that is not within the scope of SFRS(I) 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After 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 each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

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

2.5 ***Transaction with non-controlling interests***

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 ***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.

The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

(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. 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.

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 is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

(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 reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

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

2.7 *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.

2.8 *Associates*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associates are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate is eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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

2.9 *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	–	the lower of remaining lease period and 12 years
Leasehold improvements	–	the lower of remaining lease period and 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	–	10 to 25 years
Dry-docking expenditure	–	5 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

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

2.9 *Property, plant and equipment (cont'd)*

Dry-docking expenditure refers to major inspections and overhauls which are required at regular intervals of 5 years over the useful life of the vessels to allow the continued use of the vessels. When each major inspection and overhaul is performed, its cost is recognised in the carrying amount of the vessels as a replacement if the following recognition criteria are met:

- It is probable that future economic benefits associated with the asset will flow to the entity; and
- The cost of the asset to the entity can be measured reliably.

Any remaining carrying amount of the cost of the previous inspection is derecognised.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.10 *Intangible assets*

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

2.10 *Intangible assets (cont'd)*

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

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.

2.11 *Leases*

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) ***Right-of-use assets***

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Leasehold land and buildings – 5 and 7 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment as set out in Note 2.12.

NOTES TO THE FINANCIAL STATEMENTS

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

2.11 *Leases (cont'd)*

(b) ***Lease liabilities***

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in loans and borrowings (Note 23).

(c) ***Short-term leases and leases of low-value assets***

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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

2.12 *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.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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. Impairment losses relating to goodwill cannot be reversed in future periods.

NOTES TO THE FINANCIAL STATEMENTS

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

2.13 *Financial instruments*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) ***Financial assets***

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date (i.e., the date that the Group commits to purchase or sell the asset).

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

2.13 *Financial instruments (cont'd)*

(a) *Financial assets (cont'd)*

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); or
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade and other receivables, loan to associated company, amounts due from subsidiaries, and cash and short-term deposits.

Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes corporate bonds under investment securities.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under SFRS(I) 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

The Group's equity instruments at fair value through OCI includes unquoted equity securities under investment securities.

NOTES TO THE FINANCIAL STATEMENTS

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

2.13 *Financial instruments (cont'd)*

(a) *Financial assets (cont'd)*

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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

2.13 *Financial instruments (cont'd)*

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, amounts due to subsidiaries and loans and borrowings.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss; or
- Financial liabilities at amortised cost.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by SFRS(I) 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in SFRS(I) 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

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

2.13 *Financial instruments (cont'd)*

(b) ***Financial liabilities (cont'd)***

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to loans and borrowings (Note 23).

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(c) ***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.14 *Impairment of financial assets*

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

2.14 *Impairment of financial assets (cont'd)*

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.15 *Cash and short-term deposits*

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.16 *Inventories*

Inventories, which are made up of mainly materials, bunkering stocks, component 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.
- Bunkering stocks: purchase costs on a first-in, first-out 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.

NOTES TO THE FINANCIAL STATEMENTS

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

2.17 *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 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 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.

Provision for reinstatement

The Group recognised a provision for reinstatement cost when there is obligation to restore the property, plant and equipment to its original condition upon termination of the contract leases. The reinstatement cost is estimated when modifications are performed on the properties, based on quotations from contractors and management's experience. The provision for reinstatement cost is reviewed annually and adjusted as appropriate.

2.18 *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.

2.19 *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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 *Other income*

(a) ***Interest income***

Interest income is recognised using the effective interest method.

(b) ***Dividend income***

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

2.21 *Revenue*

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) ***Construction contracts***

Contract revenue is recognised over time by reference to the Group's progress towards completing the performance obligation in the contract. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs (input method).

Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress.

For costs incurred in fulfilling the contract which are within the scope of another SFRS(I) (eg. Inventories), these shall be accounted for in accordance with those other SFRS(I). If these are not within the scope of another SFRS(I), the Group will recognise these as contract assets only if (a) these cost relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these cost generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The customer is invoiced on a progressive payment schedule. If the value of the goods and services transferred by the Group exceed the payments, a contract asset is recognised. If the payments exceed the value of the goods and services transferred, a contract liability is recognised.

NOTES TO THE FINANCIAL STATEMENTS

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

2.21 ***Revenue (cont'd)***

(b) ***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.

(c) ***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.

(d) ***Charter hire***

The Group's charter contracts consist of time charters and bare boat charters. In the case of time charter, revenue is separated into a lease component and a service component.

The lease component represents the lease of the vessel and is accounted for using the lease standard. Revenue from the chartering of vessels is recognised on a straight-line basis over the charter period.

The service component includes the provision of crew and other services under the time charter contracts. The Group separates the components by allocating the transaction price based on their relative stand-alone selling prices. Revenue from the provision of other ancillary services including crew and other marine ancillary services are recognised over time on a straight-line basis over the charter period.

(e) ***Management fee and agency fee***

Management fee earned from rendering of services are recognised over the service period. Revenue from agency contracts are recognised at a point in time upon completion of the underlying transaction of which the agency fee is earned.

2.22 ***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.

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

2.22 *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:

- When 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

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

2.22 ***Taxes (cont'd)***

(b) ***Deferred tax (cont'd)***

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realis eth e assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(c) ***Sales tax***

Expenses and assets are recognised net of the amount of sales tax except:

- When 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

- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.23 ***Government grants***

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

2.24 ***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.

2.25 ***Borrowing costs***

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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

2.26 *Assets classified as held for sale*

Non-current assets and disposal group classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. An asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Upon classification as held for sale, the asset is not depreciated or amortised and is measured at the lower of carrying amount and fair value less costs to sell.

2.27 *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.

2.28 *Related parties*

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person; or

- (i) Has control or joint control over the Company;

- (ii) Has significant influence over the Company; or

- (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

NOTES TO THE FINANCIAL STATEMENTS

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

2.28 ***Related parties (cont'd)***

(b) An entity is related to the Group and the Company if any of the following conditions applies; or

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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. These are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. 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***

Management is of the opinion that there were no significant judgements made in applying the accounting policies in the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated 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.

(a) ***Impairment of vessels***

The carrying amounts of the Group's vessels are reviewed at the end of the reporting period to determine whether there is any indication that those vessels have suffered an impairment loss. In determining the impairment loss to be recorded for the Group's vessels, management has computed the value-in-use and considered the respective cash-generating units (CGU) of the Group in deriving the recoverable amount of the Group's vessels.

CGU is defined by management through the division of the Group's fleet of vessels by type of vessel and engine specification (i.e. Brake Horse Power (Bhp)).

In current year, management computed the value-in-use by estimating the future cash flows expected to be generated by the vessels based on the pre-tax discount rate of 9.50% per annum (2019: 9.50% per annum) which reflects the current market assessment of the time value of money and the risks specific to the Group.

Based on the above internal and external sources of information, management has carried out a review of the recoverable amount of the Group's vessels and recognised an impairment loss of $11,712,000 (2019: $Nil) as the carrying amount of the Group's vessels is in excess of their recoverable amount.

The carrying amounts of the Group's vessels at the end of the reporting period are disclosed in Note 10 of the financial statements.

(b) ***Useful lives and residual value of vessels***

The cost of vessels is depreciated on a straight-line basis over their estimated economic useful lives. The Group reviews the estimated useful lives and residual value of its vessels at the start of each reporting period. In determining the residual values and useful lives of vessels, management considers factors such as market prices of used vessels, expected usage levels, maintenance and repair cost, technical or commercial obsolescence. Changes in these factors could potentially impact the economic useful lives and residual value of these assets, and thereby resulting in changes in future depreciation charges. Such changes are accounted for prospectively.

The carrying amounts of the Group's vessels at the end of the reporting period are disclosed in Note 10 of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 ***Key sources of estimation uncertainty (cont'd)***

(c) ***Provision for expected credit losses of trade receivables***

The Group uses a provision matrix to calculate expected credit loss (ECL) for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The carrying amount of the Group's contract assets and trade receivables and information about the ECL are disclosed in Note 5, 19 and 26(c).

(d) ***Impairment of investment in subsidiaries***

The Company assesses at each reporting date whether there is any objective evidence that the interests in subsidiaries are impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the industry performance, technology changes, operating and financing cash flows. Management will also consider the financial condition and business prospects of the interest.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on the forecasted performance of the subsidiaries. The carrying amounts of the Company's interests in subsidiaries at the reporting date are disclosed in Note 13.

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. The Group's core business is in the design, construction, operating and chartering of mobile offshore units and offshore services vessels, along a wide range of critical equipment and components for the offshore marine 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.

4. SEGMENT INFORMATION (CONT'D)

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.

	Marine offshore		Investments		Corporate		Adjustments and elimination		Per consolidated financial statements	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue from external customers	**63,164**	64,482	**–**	–	**–**	–	**–**	–	**63,164**	64,482
Results:										
Depreciation and amortisation	**(17,530)**	(18,439)	**–**	–	**(2)**	(3)	**–**	–	**(17,532)**	(18,442)
Interest income	**140**	476	**–**	13	**109**	169	**–**	–	**249**	658
Finance cost	**(788)**	(929)	**–**	–	**–**	–	**–**	–	**(788)**	(929)
(Inventories written down)/reversal of inventories written down	**(137)**	34	**–**	–	**–**	–	**–**	–	**(137)**	34
Impairment of vessels	**(11,712)**	–	**–**	–	**–**	–	**–**	–	**(11,712)**	–
Share of results of associated companies	**–**	(4,953)	**–**	–	**–**	–	**–**	–	**–**	(4,953)
Segment (loss)/profit	**(23,276)**	(14,412)	**7,231**	3,081	**9,768**	5,471	**(19,630)**	(11,060)	**(25,907)**	(16,920)
Segment assets	**231,239**	268,302	**54,722**	50,467	**24,656**	25,049	**(47,113)**	(47,113)	**263,504**	296,705
Segment liabilities	**35,257**	40,575	**20**	63	**538**	597	**–**	–	**35,815**	41,235
Other segment information:										
Purchase of investment securities	**–**	–	**–**	166	**–**	–	**–**	–	**–**	166
Additions to non-current assets:-										
– Purchase of property, plant and equipment	**6,660**	939	**–**	–	**2**	3	**–**	–	**6,662**	942

NOTES TO THE FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (CONT'D)

Geographical information

	Group			
	Revenue		Non-current assets	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Asia Pacific (excluding China and Singapore)	**45,688**	49,699	**10,271**	14,453
Singapore	**4,182**	1,629	**175,397**	202,064
Africa	**3,810**	5,108	**–**	–
Americas	**3,787**	2,960	**–**	–
Europe	**3,236**	761	**–**	–
Middle East	**2,415**	4,259	**–**	–
China	**46**	66	**–**	–
	63,164	64,482	**185,668**	216,517

Segment revenue is based on the countries in which customers are invoiced. Non-current assets information consists of property, plant and equipment, right-of-use assets and intangible assets as presented in the consolidated balance sheet and are based on the geographical location of the entities.
Information about a major customer

<u>Information about a major customer</u>

Revenue from one major customer amounted to approximately $24,037,000 (2019: $24,921,000), arising from the provision of specialised marine offshore equipment and services.

5. REVENUE

	Group	
	2020	2019
	$'000	$'000
Marine offshore revenue	**59,542**	60,656
Spare sales	**3,622**	3,826
	63,164	64,482

5. REVENUE (CONT'D)

Timing of transfer of goods or services

	2020		2019	
	At a point in time $'000	Over time $'000	At a point in time $'000	Over time $'000
Asia Pacific (excluding China and Singapore)	**219**	**45,469**	694	49,005
Singapore	**588**	**3,594**	540	1,089
Africa	**35**	**3,775**	175	4,933
Americas	**256**	**3,531**	–	2,960
Europe	**163**	**3,073**	–	761
Middle East	**2,315**	**100**	2,376	1,883
China	**46**	**–**	41	25
	3,622	**59,542**	3,826	60,656

The Group accounts for the lease of vessels for bareboat charter and time charter under SFRS(I) 16 *Leases* as leases revenue. Time charter comprises lease of vessels and provision of other ancillary services. Other ancillary charter hire revenue includes provision of crew and other services under time charter contracts.

The Group separates the lease and non-lease components of time charter by allocating the transaction price based on their relative stand-alone selling prices. Other ancillary time charter revenue is recognised over time.

Included in the marine offshore revenue is charter hire revenue amounting to $24,031,000 (2019: $24,515,000) and other ancillary charter hire revenue amounting to $27,151,000 (2019: $30,170,000).

Contract assets and contract liabilities

Information about receivables, contract assets and contract liabilities from contracts with customers is disclosed as follows:

	Group	
	2020 $'000	2019 $'000
Receivables from contracts with customers	**2,088**	7,258
Contract assets	**2,183**	984
Contract liabilities	**316**	269

NOTES TO THE FINANCIAL STATEMENTS

5. REVENUE (CONT'D)

Timing of transfer of goods or services (cont'd)

Contract assets and contract liabilities (cont'd)

The Group has recognised impairment losses on receivables arising from contracts with customers amounting to $277,000 (2019: $Nil) for the financial year ended 31 December 2020.

Contract assets relate to the Group's right to consideration for work completed but not yet billed at reporting date. They are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances received from customers for the fabrication work for specialised marine offshore equipment.

Contract liabilities are recognised as revenue as the Group performs under the contract.

Significant changes in contract liabilities are explained as follows:

	Group	
	2020 $'000	2019 $'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**269**	–

6. OTHER INCOME/(EXPENSES)

	Group	
	2020 $'000	2019 $'000
Interest income from short term deposits and quoted corporate bonds	**249**	658
Other sundry income	**42**	41
Rental income	**33**	45
Grant income	**2,647**	–
Other income	**2,971**	744
Loss on disposal of property, plant and equipment	**(2,230)**	(424)
Foreign exchange loss	**(1,220)**	(567)
Impairment of vessels	**(11,712)**	–
Impairment on loan to an associated company	**(1,605)**	–
Other sundry expenses	**(27)**	–
Other expenses	**(16,794)**	(991)

7. LOSS BEFORE TAX

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

	Group	
	2020	2019
	$'000	$'000
Depreciation of property, plant and equipment	**16,132**	17,044
Depreciation of right-of-use assets	**1,141**	1,140
Amortisation of intangible assets	**259**	258
Consultancy service fee paid/payable to directors	**160**	174
Expense relating to leases of low-value assets	**29**	24
Inventories written down/(reversal of inventories written down)	**137**	(34)
Employee benefits expense (including executive directors):		
– Salaries, wages, bonuses and other costs	**12,055**	11,393
– Contributions to defined contribution plans	**944**	905
Audit fees paid to auditors of the Company	**228**	223
Non-audit fees paid to auditors of the Company	**17**	19
Legal and other professional fees	**727**	817
Allowance for expected credit losses	**2,958**	1,847

8. INCOME TAX EXPENSE

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

The major components of income tax expense for the years ended 31 December are:

	Group	
	2020	2019
	$'000	$'000
Statement of comprehensive income:		
Current income tax:		
– Current income taxation	**541**	183
– Under provision in respect of prior years	**526**	794
	1,067	977
Deferred income tax:		
– Origination and reversal of temporary difference (Note 17)	**(1,041)**	44
Income tax expense recognised in the statement of comprehensive income	**26**	1,021

NOTES TO THE FINANCIAL STATEMENTS

8. INCOME TAX EXPENSE (CONT'D)

(b) ***Relationship between tax expense and accounting loss***

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

	Group	
	2020	**2019**
	$'000	**$'000**
Loss before tax	**(25,907)**	(16,920)
Income tax credit at the applicable tax rate of 17% (2019: 17%)	**(4,404)**	(2,876)
Adjustments for tax effect of:		
Effect of different tax rates of companies operating on different jurisdiction	**394**	113
Deferred tax assets not recognised	**421**	77
Utilisation of deferred tax benefits previously not recognised	**(117)**	(191)
Income not subject to taxation	**(135)**	–
Net marine offshore income not subject to tax [1]	**527**	97
Non-deductible expenses	**2,824**	2,174
Tax effect of share of results of associates	**–**	846
Under provision in respect of prior years	**526**	794
Others, net	**(10)**	(13)
Income tax expense recognised in profit or loss	**26**	1,021

[1] *This represents net losses exempted under Section 13A and tax exemption under Section 43(6) of the Singapore Income Tax Act.*

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately $18,863,000 (2019: $17,171,000) 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.

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.

As there were no share options and warrants granted, the basic and diluted earnings per share are the same.

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:

	2020 $'000	2019 $'000
Loss for the financial year attributable to owners of the Company used in the computation of basic and diluted earnings per ordinary share	**(13,797)**	(9,392)
	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

10. PROPERTY, PLANT AND EQUIPMENT

Group	Vessels $'000	Dry-docking expenditure $'000	Leasehold lands and buildings $'000	Leasehold improvements $'000	Furniture and fittings $'000	Office equipment $'000	Motor vehicles $'000	Plant and equipment $'000	Total $'000
Cost:									
At 1 January 2019	222,093	6,344	16,740	8,731	443	1,860	421	12,180	268,812
Exchange differences	(1,523)	(79)	–	–	(1)	(1)	–	–	(1,604)
Additions	–	525	–	105	44	99	81	88	942
Disposal/write off	(2,966)	(900)	–	–	–	(24)	–	(20)	(3,910)
At 31 December 2019 and 1 January 2020	217,604	5,890	16,740	8,836	486	1,934	502	12,248	264,240
Exchange differences	(2,185)	(109)	–	–	–	(1)	–	–	(2,295)
Additions	1,327	5,053	–	–	103	100	–	79	6,662
Disposal/write off	(8,727)	(808)	–	–	(8)	(76)	(39)	–	(9,658)
Transfer to assets held for sale	(1,196)	(856)	–	–	–	–	–	–	(2,052)
At 31 December 2020	206,823	9,170	16,740	8,836	581	1,957	463	12,327	256,897
Accumulated depreciation:									
At 1 January 2019	6,632	1,313	10,552	6,819	361	1,431	376	10,987	38,471
Exchange differences	(73)	(16)	–	–	(1)	(1)	–	–	(91)
Depreciation charge for the year	11,478	2,714	932	789	46	244	44	797	17,044
Disposal/write off	(164)	(738)	–	–	–	(24)	–	(17)	(943)
At 31 December 2019 and 1 January 2020	17,873	3,273	11,484	7,608	406	1,650	420	11,767	54,481
Exchange differences	(841)	(133)	–	–	–	(1)	–	–	(975)
Depreciation charge for the year	12,189	1,750	932	579	45	238	24	375	16,132
Disposal/write off	(3,117)	(744)	–	–	(8)	(76)	(39)	–	(3,984)
Transfer to assets held for sale	(28)	(276)	–	–	–	–	–	–	(304)
At 31 December 2020	26,076	3,870	12,416	8,187	443	1,811	405	12,142	65,350

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

Group	Vessels $'000	Dry-docking expenditure $'000	Leasehold lands and buildings $'000	Leasehold improvements $'000	Furniture and fittings $'000	Office equipment $'000	Motor vehicles $'000	Plant and equipment $'000	Total $'000
Accumulated impairment:									
At 1 January 2019, 31 December 2019 and 1 January 2020	–	–	–	–	–	–	–	–	–
Exchange difference	(475)	–	–	–	–	–	–	–	(475)
Additions	11,712	–	–	–	–	–	–	–	11,712
At 31 December 2020	11,237	–	–	–	–	–	–	–	11,237
Net carrying amount:									
At 31 December 2019	199,731	2,617	5,256	1,228	80	284	82	481	209,759
At 31 December 2020	169,510	5,300	4,324	649	138	146	58	185	180,310

(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) A vessel with carrying value of $16,175,000 (2019: $15,318,000) is pledged to the bank as security for the Group's bank loans.

(c) In December 2020, the Group entered into agreements with an external party for the sale of two of its vessels. The sales were subsequently completed in January and February 2021. As a result, the carrying value of these vessels and the related dry-docking expenditure were transferred to assets held for sale as at 31 December 2020 due to the following reasons:

- The two vessels are available for immediate sale and can be sold to the buyer in its current condition;
- The actions to complete the sale were initiated and completed subsequent to year end;
- A potential buyer has been identified and negotiations have been completed; and
- The Board approved the plan to sell these vessels.

NOTES TO THE FINANCIAL STATEMENTS

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

Impairment testing on vessels

As at 31 December 2020, the Group carried out a review of the recoverable amount of its vessels due to the continued weakness in the oil and gas industry. The recoverable amount of the vessels was based on its value in use and the pre-tax discount rate was 9.5%. As the recoverable amount was computed to be lower (2019: higher) than the carrying value, impairment loss of $11,712,000 (2019: $Nil) was recorded.

	Office equipment $'000
Company	
Cost:	
At 1 January 2019	62
Additions	4
At 31 December 2019 and 1 January 2020	66
Additions	1
At 31 December 2020	67
Accumulated depreciation:	
At 1 January 2019	59
Depreciation charge for the year	3
At 31 December 2019 and 1 January 2020	62
Depreciation charge for the year	2
At 31 December 2020	64
Net carrying amount:	
At 31 December 2019	4
At 31 December 2020	3

11. RIGHT-OF-USE ASSETS

The Group has lease contracts for various leasehold lands and buildings used in its operations. Leases of leasehold lands and buildings generally have remaining lease terms of 3 and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group also has certain leases of office equipment with lease terms of 12 months or less and with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-assets recognised and movements during the year:

	Leasehold properties	
	2020 $'000	2019 $'000
At 1 January	**5,465**	–
Additions - due to adoption of SFRS(I) 16	**–**	6,605
Depreciation charge for the year	**(1,141)**	(1,140)
At 31 December	**4,324**	5,465

Set out below are the carrying amounts of lease liabilities (included under loans and borrowings (Note 23)) and the movements during the year:

	Group	
	2020 $'000	2019 $'000
At 1 January	**4,304**	–
Additions - due to adoption of SFRS(I) 16	**–**	5,055
Accretion of interest	**236**	283
Payments	**(1,035)**	(1,034)
At 31 December	**3,505**	4,304
Current	**848**	799
Non-current	**2,657**	3,505
	3,505	4,304

The maturity analysis of lease liabilities is disclosed in Note 26(b).

NOTES TO THE FINANCIAL STATEMENTS

11. RIGHT-OF-USE ASSETS (CONT'D)

The following are the amounts recognised in profit or loss:

	Group	
	2020 $'000	2019 $'000
Depreciation expense of right-of-use assets (Note 7)	**1,141**	1,140
Interest expense on lease liabilities	**236**	283
Expense relating to leases of low-value assets (Note 7)	**29**	24
Total amount recognised in profit or loss	**1,406**	1,447

In the current financial year, the Group had total cash outflows for leases of $1,035,000 (2019: $1,034,000).

12. INTANGIBLE ASSETS

Group	Vessel design $'000
Cost:	
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	2,561
Accumulated amortisation and impairment:	
At 1 January 2019	1,010
Amortisation charge for the year	258
At 31 December 2019 and 1 January 2020	1,268
Amortisation charge for the year	259
At 31 December 2020	1,527
Net carrying amount:	
At 31 December 2019	1,293
At 31 December 2020	1,034

Vessel design

In 2014, the Group acquired a vessel design and commenced the construction of a vessel. The construction of the vessel was completed in 2017. The vessel design impairment assessment under FRS 36 *Impairment of Assets* is dependent on the recoverable amount of the vessel, which is computed to be higher than the carrying value. As such, no impairment loss was recorded.

Amortisation charge of $259,000 (2019: $258,000) has been included in the Group's consolidated statement of comprehensive income.

13. INVESTMENT IN SUBSIDIARIES

	Company	
	2020	2019
	$'000	$'000
Shares, at cost	**30,000**	30,000
Amounts due from subsidiaries*	**95,000**	95,000
Less: Allowance for impairment	**(36,400)**	(36,400)
	88,600	88,600

* *The settlement of the amounts due from subsidiaries is at the discretion of the subsidiaries. Consequentially, these amounts form part of the Company's net investment in the subsidiaries.*

<u>Movement in allowance account</u>

	Company	
	2020	2019
	$'000	$'000
At 1 January	**36,400**	7,200
Reclassified from amounts due from subsidiaries (Note 20)	**–**	29,200
At 31 December	**36,400**	36,400

(a) ***Composition of the Group***

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	
		2020	2019
		%	%
(1) 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
(1) Baker Engineering Pte. Ltd. (Singapore)	Design and fabrication of offshore and marine equipment (Singapore)	**100**	100
(1) BT Investment Pte. Ltd. (Singapore)	Investment holding (Singapore)	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) ***Composition of the Group (cont'd)***

Subsidiaries (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by the Group 2020 %	2019 %
Held through Sea Deep Shipyard Pte. Ltd.:			
[1] Sea Hercules Cranes Pte. Ltd (formerly known as Interseas Shipping (Private) Limited) (Singapore)	Manufacturer and provider of specialised marine offshore equipment and services for the oil and gas industry (Singapore)	**100**	100
Held through Baker Engineering Pte. Ltd.:			
[1] BEL Design Pte. Ltd. (Singapore)	Design and engineering of offshore and marine vessels and equipment (Singapore)	**100**	100
Held through BT Investment Pte. Ltd.:			
[1] BT Titanium Pte. Ltd. (Singapore)	Provision of offshore marine logistics support services (Singapore)	**100**	100
[3] BT Offshore (B) Sdn Bhd (Brunei)	Provision of offshore marine logistics support services (Brunei)	**100**	100
[1] BT OSV 1 Pte. Ltd. (Singapore)	Ship owning and chartering (Singapore)	**100**	100
[1] BT Offshore Management Pte. Ltd. (Singapore)	Chartering of vessels and ship management services (Singapore)	**100**	100
[1] Interseas Pte. Ltd. (Singapore)	Dormant	**100**	100
[1] CH Offshore Ltd. (Singapore)	Investment holding and owning and chartering of vessels (Singapore)	**54.98**	54.98
Held through BT Titanium Pte. Ltd.			
[2] BT Offshore (Malaysia) Pte Ltd (Malaysia)	Provision of offshore marine logistic support services (Malaysia)	**100**	100

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) ***Composition of the Group (cont'd)***

Subsidiaries (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by the Group 2020 %	2019 %
Held through CH Offshore Ltd.:			
[1] CHO Ship Management Pte. Ltd.	Ship management and investment holding (Singapore)	**54.98**	54.98
[1] Delaware Marine Pte Ltd	Investment holding (Singapore)	**54.98**	54.98
[1] Sea Glory Private Limited	Ship owning and chartering (Singapore)	**54.98**	54.98
[1] Garo Pte. Ltd.	Ship owning and chartering (Singapore)	**54.98**	54.98
[1] Offshore Gold Singapore Pte Ltd	Ship owning and chartering (Singapore)	**54.98**	54.98
[1] Pembrooke Marine Pte Ltd	Ship owning and chartering (Singapore)	**54.98**	54.98
[1] Venture Offshore Pte. Ltd.	Ship owning and chartering (Singapore)	**54.98**	54.98
Held through CHO Ship Management Pte. Ltd.:			
[2] High Majestic Sdn Bhd	Ship owning and chartering (Malaysia)	**26.94**	54.98
Held through Delaware Marine Pte Ltd:			
[2] Pearl Marine Pte Ltd	Ship owning and chartering (Malaysia)	**38.49**	38.49

[1] *Audited by Ernst & Young LLP, Singapore*
[2] *Audited by Ernst & Young LLP, Malaysia*
[3] *Audited by Ernst & Young LLP, Brunei*

On 31 December 2020, High Majestic Sdn Bhd ("High Majestic") issued 104 new shares at RM1.00 per share to third parties diluting the Group's effective ownership interest in High Majestic from 54.98% to 26.94%. The Group continues to have control over High Majestic due to the power to control the financial and operating policies of High Majestic by virtue of it having majority Directors on High Majestic's Board to influence decision making.

NOTES TO THE FINANCIAL STATEMENTS

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) ***Interest in subsidiaries with material non-controlling interest (NCI)***

Name of subsidiary	Principal place of business	Proportion ownership interest held by non-controlling interest	Loss allocated to NCI during the reporting period $'000	Accumulated NCI at the end of reporting period $'000	Dividends paid to NCI $'000
31 December 2020:					
CH Offshore Ltd.	Singapore	45.02%	(12,136)	33,636	–
31 December 2019:					
CH Offshore Ltd.	Singapore	45.02%	(8,549)	46,140	–

There are no significant restrictions on the Group's ability to use or access assets and settle liabilities of subsidiaries with material non-controlling interests.

(c) ***Summarised financial information about subsidiary with material NCI***

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised balance sheets

	CH Offshore Ltd.	
	2020 $'000	2019 $'000
Current assets	**21,533**	30,558
Non-current assets	**80,441**	103,359
Total assets	**101,974**	133,917
Current liabilities	**17,551**	22,647
Non-current liabilities	**9,308**	8,567
Total liabilities	**26,859**	31,214
Net assets	**75,115**	102,703

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) ***Summarised financial information about subsidiary with material NCI (cont'd)***

Summarised statement of comprehensive income

	CH Offshore Ltd.	
	2020	**2019**
	$'000	**$'000**
Revenue	**26,065**	28,561
Loss before income tax	**(27,251)**	(18,938)
Income tax credit/(expense)	**484**	(226)
Loss after tax, representing total comprehensive income	**(26,767)**	(19,164)

Other summarised information

	CH Offshore Ltd.	
	2020	**2019**
	$'000	**$'000**
Net cash flows (used in)/from operations	**(5,729)**	586
Repayment from associate	**–**	1,707

14. INVESTMENT IN ASSOCIATED COMPANIES

The Group's material investments in associated companies are summarised below:

	Group	
	2020	**2019**
	$'000	**$'000**
PT Bahtera Nusantara Indonesia	**–**	–
Other associates	**–**	–
	–	–

NOTES TO THE FINANCIAL STATEMENTS

14. INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

Details of the Group's associated companies at the end of the financial year are as follows:

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2020	2019
Held by CH Offshore Ltd				
MarineCo Limited [a]	Malaysia	Dormant	**26.94%**	26.94%
Gemini Sprint Sdn. Bhd. [a]	Malaysia	Dormant	**26.94%**	26.94%
Held by Venture Offshore Pte Ltd				
PT Bahtera Nusantara Indonesia [b]	Indonesia	Ship owning and chartering	**26.94%**	26.94%

(a) Audited by other CPA firms in Malaysia.
(b) Audited by other CPA firm in Indonesia.

In accordance with the requirements of Rules 715 and 716 of the SGX-ST Listing Manual, the audit committee and the board of CH Offshore Ltd., having reviewed the appointment of different auditors for the Group's associates, are satisfied that these appointments would not compromise the standard and effectiveness of the audit of CH Offshore Ltd.

The accumulated losses of an associated company in excess of the Group's interest in that associated company which is not included in these financial statements using equity method of accounting amounted to $1,540,000 (2019: $844,000).

Aggregate information about the Group's investments in associated companies that are not individually material are as follows:

	2020 $'000	2019 $'000
Profit after tax, representing total comprehensive income	**–**	37

The summarised financial information in respect of PT Bahtera Nusantara Indonesia, based on its International Financial Reporting Standards (IFRS) financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

14. INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

Summarised balance sheet

	PT Bahtera Nusantara Indonesia	
	2020	2019
	$'000	$'000
Current assets	**1,329**	1,738
Non-current assets	**12,880**	13,529
Total assets	**14,209**	15,267
Current liabilities	**17,351**	1,747
Non-current liabilities	**–**	15,221
Total liabilities	**17,351**	16,968
Net liabilities	**(3,142)**	(1,701)
Group's share of net assets, representing carrying amount of the investment	**–**	–

Summarised statement of comprehensive income

	PT Bahtera Nusantara Indonesia	
	2020	2019
	$'000	$'000
Revenue	**2,065**	2,874
Operating expenses	**(3,450)**	(14,286)
Interest expense	**(150)**	(465)
Loss before tax	**(1,535)**	(11,877)

NOTES TO THE FINANCIAL STATEMENTS

15. LOAN TO AN ASSOCIATED COMPANY

	Group	
	2020 $'000	2019 $'000
Loan to an associated company	**7,320**	7,458
Less: Allowance for impairment	**(1,540)**	–
	5,780	7,458
Movement in allowance account:		
At 1 January	**–**	–
Exchange differences	**(65)**	–
Charge for the year	**1,605**	–
At 31 December	**1,540**	–

The loan to an associated company is unsecured, bears interest of 4.26% (2019: 4.26%) per annum.

16. INVESTMENT SECURITIES

Financial instruments

	Group and Company	
	2020 $'000	2019 $'000
At fair value through other comprehensive income		
– Corporate bonds (quoted)	**–**	270
– Unquoted equity securities	**2,513**	2,173
	2,513	2,443
Net carrying amount		
Current	**–**	270
Non-current	**2,513**	2,173

Corporate bonds (quoted)

The Group's and Company's investment in quoted corporate bonds were denominated in SGD and USD. These bear interest at 3.0% per annum. The Group had elected to measure these corporate bonds at FVOCI due to the Group's intention to hold these debt instruments to collect contractual cash flows and sell.

Unquoted equity securities

In 2019, the Group and Company purchased additional unquoted equity securities amounting to $166,000.

The Group's and Company's unquoted equity securities relates to a minority stake in an investment fund company, which was incorporated in Luxembourg. The Group has elected to measure these equity securities at FVOCI due to the Group's intention to hold these equity instruments for long-term appreciation.

17. DEFERRED TAX

Deferred tax as at 31 December relates to the following:

	Group			
	Consolidated balance sheet		Consolidated statement of comprehensive income	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Deferred tax liabilities:				
Differences in depreciation for tax purposes (Note A)	**(4,417)**	(5,519)	**(1,041)**	44
	(4,417)	(5,519)		
Deferred tax expense			**(1,041)**	44

Note A: The movement of deferred tax liabilities arising from differences in depreciation for tax purposes for the financial years are summarised as follows:

	Group	
	2020	2019
	$'000	$'000
At 1 January	**5,519**	5,545
(Reversal)/charged to consolidated statement of comprehensive income	**(1,041)**	44
Exchange differences	**(61)**	(70)
At 31 December	**4,417**	5,519

Tax consequence of proposed dividends

In prior year, there were 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 29).

NOTES TO THE FINANCIAL STATEMENTS

18. INVENTORIES AND WORK-IN-PROGRESS

	Group	
	2020 $'000	2019 $'000
Balance sheet:		
Materials, components and spares	**2,065**	2,016
Bunkering stocks	**308**	621
	2,373	2,637
Consolidated income statement:		
Inventories recognised as an expense in cost of sales	**4,447**	2,488
Inclusive of the following charge/(credit):		
– Inventories written down/(reversal of inventories written down)	**137**	(34)

In prior year, the reversal of inventories written down was made when the related inventories were sold above their carrying amounts.

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Trade receivables – net	**15,456**	18,941	**–**	–
Deposits	**241**	330	**60**	60
GST recoverable	**144**	604	**–**	–
Grant receivables	**372**	–	**3**	–
Other receivables	**2,234**	1,159	**–**	–
Interest receivables	**2**	14	**2**	14
Total trade and other receivables (current)	**18,449**	21,048	**65**	74
Trade and other receivables (excluding GST recoverable)	**18,305**	20,444	**65**	74
Amount due from subsidiaries (Note 20)	**–**	–	**101,186**	94,239
Loan to associated company (Note 15)	**5,780**	7,458	**–**	–
Cash and short-term deposits (Note 21)	**44,316**	45,222	**24,556**	24,666
Total financial assets carried at amortised cost	**68,401**	73,124	**125,807**	118,979

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.

As at 31 December 2020, included in other receivables are advances of $1,186,000 (2019: $101,000) paid to vessel management agents of the Group.

19. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables denominated in foreign currencies, other than the respective functional currencies of the Group entities at 31 December are as follows:

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
United States Dollar	**833**	6,142	**–**	–
Malaysia Ringgit	**2,263**	4,042	**–**	–

Expected credit loss (ECL) of trade receivables

The Group provides for lifetime ECL for all trade receivables using a provision matrix. The basis of determination of loss allowance are disclosed in Note 26(c).

		Group	
	Gross amount	Loss allowance	Carrying amount
	$'000	$'000	$'000
2020			
Current	**9,527**	**–**	**9,527**
< 3 months past due	**4,352**	**(707)**	**3,645**
3 to 6 months past due	**2,007**	**(942)**	**1,065**
6 to 12 months past due	**1,891**	**(1,333)**	**558**
>12 months past due	**2,641**	**(1,980)**	**661**
	20,418	**(4,962)**	**15,456**
2019			
Current	3,774	–	3,774
< 3 months past due	7,280	–	7,280
3 to 6 months past due	3,177	–	3,177
6 to 12 months past due	4,413	–	4,413
>12 months past due	2,448	(2,151)	297
	21,092	(2,151)	18,941

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Group Trade receivables	
	2020	2019
	$'000	$'000
At 1 January	**2,151**	329
Exchange differences	**(147)**	(25)
Charge for the year	**2,958**	1,847
At 31 December	**4,962**	2,151

NOTES TO THE FINANCIAL STATEMENTS

20. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2020 $'000	2019 $'000
Amount due from:		
Non-trade receivables – nominal amounts	**101,186**	94,239
Movement in allowance account:		
At 1 January	**–**	29,200
Reclassified to investment in subsidiaries (Note 13)	**–**	(29,200)
At 31 December	**–**	–
Amount due to:		
Non-trade payables	**4,861**	7,003

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

21. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Cash at banks and on hand	**32,335**	27,047	**12,575**	9,219
Short-term deposits	**11,981**	18,175	**11,981**	15,447
	44,316	45,222	**24,556**	24,666

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 and 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 0.20% to 1.30% (2019: 0.89% to 2.90%) per annum.

Cash and short-term deposits denominated in foreign currencies, other than the respective functional currencies of the Group entities at 31 December are as follows:

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
United States Dollar	**33,164**	35,523	**23,335**	23,579
Euro	**319**	298	**16**	15
Malaysia Ringgit	**1,370**	4,526	**–**	–
Singapore Dollar	**576**	1,196	**–**	–

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Trade payables	**7,537**	8,064	**13**	14
Other payables	**2,784**	8,459	**516**	583
Deferred income	**547**	–	**9**	–
Total trade and other payables (current)	**10,868**	16,523	**538**	597
Provision (non-current)	**1,550**	1,550	**–**	–
Total trade and other payables (current and non-current)	**12,418**	18,073	**538**	597
Trade and other payables (excluding deferred income and provision (non-current))	**10,321**	16,523	**529**	597
Amount due to subsidiaries (Note 20)	**–**	–	**4,861**	7,003
Loans and borrowings (Note 23)	**17,557**	16,065	**–**	–
Total financial liabilities carried at amortised cost	**27,878**	32,588	**5,390**	7,600

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

As at 31 December 2019, other payables included a provision of US$5,000,000 (S$6,815,000) made in relation to the arbitration made against the Group's subsidiary, CH Offshore Ltd. (CHO), by three ship brokers (claimants). In August 2020, CHO agreed to a full and final settlement of all claims brought by the claimants for US$5,250,000 (S$7,233,000). The amount has been paid during the year.

Provision (non-current) relates to provision for reinstatement costs of leasehold lands and buildings. The provision was made based on the estimated cost of reinstating the leased premises when the leases expire, taking into consideration current market assessment of the time value of money.

Trade payables denominated in foreign currencies, other than the respective functional currencies of the Group entities at 31 December are as follows:

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
United States Dollar	**20**	6,058	**–**	–
Euro	**1,113**	15	**–**	–
Malaysia Ringgit	**756**	106	**–**	–
Singapore Dollar	**1,070**	535	**–**	–
Brunei Dollar	**665**	–	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

23. LOANS AND BORROWINGS

	Maturity	Group 2020 $'000	Group 2019 $'000
Current:			
Bank loan A	2021	**7,501**	7,513
Bank loan B	2021	**1,265**	1,200
Bank loan C	2021	**394**	–
Lease liabilities	2023-2025	**848**	799
		10,008	9,512
Non-current:			
Bank loan B	2022-2023	**1,786**	3,048
Bank loan C	2022-2025	**3,106**	–
Lease liabilities	2023-2025	**2,657**	3,505
		7,549	6,553
		17,557	16,065

<u>Bank loan A:</u>

The bank loan is a secured revolving credit facility which bears effective interest rate of 4.13% (2019: 5.03%) per annum and is denominated in Singapore Dollars.

<u>Bank loan B:</u>

The bank loan is secured with a tenure of 72 months, bears interest of 5.50% (2019: 5.50%) per annum and is denominated in Singapore Dollars. This loan is provided by a bank for an initiative under Enterprise Singapore (previously known as SPRING Singapore), an agency under the Ministry of Trade and Industry of Singapore, for working capital assistance for companies in the offshore industry.

Based on the terms of the loan arrangements, the repayment of the principal amount of the loan will commence 24 months from the inception of the loan.

<u>Bank loan C:</u>
The bank loan is unsecured with a tenure of 60 months, bears interest at 3.00% per annum, and is denominated in Singapore Dollars. This is a Temporary Bridging Loan under Enterprise Financing Scheme, for working capital assistance. For the first 12 months, the Group shall only service the interest on the loan.

23. LOANS AND BORROWINGS (CONT'D)

Reconciliation of liabilities arising from financing activities

The tables below details changes in the Group's liabilities arising from financing activities, includings both cash and non-cash changes as follows:

	1.1.2020 $'000	Proceeds $'000	Repayment $'000	Others $'000	31.12.2020 $'000
Borrowings					
– Current	8,713	394	(1,209)	1,262	9,160
– Non-current	3,048	3,106	–	(1,262)	4,892
Lease liabilities					
– Current	799	–	(799)	848	848
– Non-current	3,505	–	–	(848)	2,657
Total liabilities from financing activities	16,065	3,500	(2,008)	–	17,557

	1.1.2019 (Restated) $'000	Repayment $'000	Others $'000	31.12.2019 $'000
Borrowings				
– Current	8,447	(753)	1,019	8,713
– Non-current	4,067	–	(1,019)	3,048
Lease liabilities				
– Current	751	(751)	799	799
– Non-current	4,304	–	(799)	3,505
Total liabilities from financing activities	17,569	(1,504)	–	16,065

The "Others" column includes the effect of reclassification of non-current portion of loans and borrowings to current due to the passage of time. The Group classifies interest paid as cash flows from operating activities.

24. SHARE CAPITAL

	Group and Company			
	2020		2019	
	No. of shares	$'000	No. of shares	$'000
Issued and fully paid:				
At 1 January and 31 December	**202,877,948**	**108,788**	202,877,948	108,788

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

25. RELATED PARTY TRANSACTIONS

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

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2020 $'000	2019 $'000
Management and agency fee from associated companies	**156**	179
Interest income from an associated company	**73**	373
Chartering of vessel to a substantial shareholder of a subsidiary	**–**	577

* *Substantial shareholder of a subsidiary refers to members of Falcon Energy Group Limited's (FEG) group of companies.*

(b) *Compensation of key management personnel*

	Group	
	2020 $'000	2019 $'000
Short-term employee benefits	**3,010**	3,248
Comprise amounts paid/payable to		
– Directors of the Company	**1,673**	1,821
– Other key management personnel	**1,337**	1,427
	3,010	3,248

26. 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.

The Group's policy on financial authority limit seeks to mitigate risks by setting out the threshold of approvals required for entry into contractual obligations and investments.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Risk management is carried out under policies approved by the Board. The Board reviews and approves policies for managing each of these risks and they are summarised below.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risks for financial year 2020.

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

(a) *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 the interest rate risk arises primarily from their borrowings. The Group's and Company's floating rate borrowings are contractually re-priced at intervals of 6 months from the end of the reporting period.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 50 basis points lower/higher with all other variables held constant, the Group's profit before tax would have been $39,000 (2019: $38,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate borrowings.

(b) *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 Company's objective are to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

Analysis of financial instruments by remaining contractual maturities (cont'd)

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	One year or less $'000	One to five years $'000	Total $'000
2020			
Financial assets:			
Trade and other receivables (excluding GST recoverable)	18,305	–	18,305
Cash and short-term deposits	44,316	–	44,316
Loan to associated company	5,780	–	5,780
Total undiscounted financial assets	68,401	–	68,401
Financial liabilities:			
Trade and other payables (excluding deferred income and provision for reinstatement)	10,321	–	10,321
Loans and borrowings	9,668	5,219	14,887
Lease liabilities	1,035	2,917	3,952
Total undiscounted financial liabilities	21,024	8,136	29,160
Total net undiscounted financial assets/(liabilities)	47,377	(8,136)	39,241

NOTES TO THE FINANCIAL STATEMENTS

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

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

Analysis of financial instruments by remaining contractual maturities (cont'd)

Group	One year or less $'000	One to five years $'000	Total $'000
2019			
Financial assets:			
Trade and other receivables (excluding GST recoverable)	20,444	–	20,444
Cash and short-term deposits	45,222	–	45,222
Loan to associated company	7,952	–	7,952
Total undiscounted financial assets	73,618	–	73,618
Financial liabilities:			
Trade and other payables (excluding provision for reinstatement)	16,523	–	16,523
Loans and borrowings	9,316	3,241	12,557
Lease liabilities	1,035	3,953	4,988
Total undiscounted financial liabilities	26,874	7,194	34,068
Total net undiscounted financial assets/(liabilities)	46,744	(7,194)	39,550

Company	2020 One year or less $'000	2019 One year or less $'000
Financial assets:		
Trade and other receivables (excluding GST recoverable)	**65**	74
Amount due from subsidiaries	**101,186**	94,239
Cash and short-term deposits	**24,556**	24,666
Total undiscounted financial assets	**125,807**	118,979
Financial liabilities:		
Trade and other payables (excluding deferred income)	**529**	597
Amount due to subsidiaries	**4,861**	7,003
Total undiscounted financial liabilities	**5,390**	7,600
Total net undiscounted financial assets	**120,417**	111,379

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

(c) *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a pro-active approach in the extension of credit terms to trade customers, monitors its exposure to credit risk on an ongoing basis and only transacts with creditworthy institutions.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking into account the value of any collateral obtained.

Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due. Information regarding loss allowance movement of trade receivables are disclosed in Note 19.

Concentration of credit risk

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:

	Group			
	2020		2019	
	$'000	%	$'000	%
By country				
Asia Pacific (excluding China and Singapore)	**9,874**	64	**13,752**	73
Africa	**3,048**	20	**1,648**	9
Middle East	**107**	–	**899**	5
Americas	**429**	3	**1,762**	9
Singapore	**1,783**	12	**258**	1
Europe	**212**	1	**558**	3
China	**3**	–	**64**	–
	15,456	100	**18,941**	100

At the end of the reporting period, 57% (2019: 50%) of the Group's trade receivables were due from 2 (2019: 2) major customers located in Singapore and Asia Pacific.

A nominal amount of $43,626,000 (2019: $44,451,000) was provided by the Company to banks, in relation to corporate guarantee for its subsidiaries' banking facilities.

NOTES TO THE FINANCIAL STATEMENTS

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

(d) ***Foreign currency risk***

The Group has transactional currency exposures arising from sales or purchases that are denominated in currencies other than Singapore Dollars (SGD). The foreign currency in which these transactions are denominated are mainly US Dollars (USD). Approximately 94% (2019: 98%) of the Group's sales are denominated in foreign currencies whilst about 67% (2019: 62%) of costs are denominated in foreign currencies. 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 19 and 22 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 21.

The Group and the Company's investment in quoted corporate bonds that are denominated in USD amount to approximately $Nil (2019: $270,000).

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	
		2020	**2019**
		$'000	**$'000**
		Net loss	**Net loss**
USD/SGD	– strengthened 3% (2019: 3%)	**–1,018**	–1,034
	– weakened 3% (2019: 3%)	**+1,018**	+1,034

27. FAIR VALUE OF ASSETS AND LIABILITIES

(a) *Fair value hierarchy*

The Group categories 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 categorised 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*

	Group and Company	
	2020	2019
	$'000	$'000
Financial assets:		
Equity securities at fair value through other comprehensive income		
– Corporate bonds (quoted) (Level 1)	**–**	270
– Unquoted equity securities (Level 2)	**2,513**	2,173
	2,513	2,443

Determination of fair value

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

Unquoted equity securities: Fair value is determined directly by reference to the audited net asset value of the investment fund company where the fair value of the portfolio investment is determined using a set of internationally recognised valuation methodologies.

(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 and other receivables, cash and short-term deposits, loan to associated company, amounts due from/(to) subsidiaries, trade and other payables, and loans and borrowings are reasonable approximation of fair values, due to their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS

28. CAPITAL MANAGEMENT

The capital includes cash which are disclosed in Note 21.

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 2020 and 31 December 2019.

29. DIVIDEND

	Group and Company	
	2020	2019
	$'000	$'000
Declared and paid during the financial year:		
Dividend on ordinary shares:		
– First and final tax exempt (one-tier) dividend for 2019: 0.5 cent per share	**1,014**	–
– First and final tax exempt (one-tier) dividend for 2018: 0.5 cent per share	**–**	1,014
Proposed but not recognised as a liability as at 31 December:		
Dividend on ordinary shares, subject to shareholders' approval at the AGM:		
– First and final tax exempt (one-tier) dividend for 2020: Nil (2019: 0.5 cent) per share	**–**	1,014

STATISTICS OF SHAREHOLDINGS

As at 10 March 2021

SHARE CAPITAL

Issued and Fully paid-up capital (including Treasury Shares)	:	S$103,503,391.83
Issued and Fully paid-up capital (excluding Treasury Shares)	:	S$103,503,391.83
Total Number of Issued & Paid Up Shares (including Treasury Shares)	:	202,877,948
Total Number of Issued & Paid Up Shares (excluding Treasury Shares)		202,877,948
Total Number/ Percentage of Treasury Shares	:	0 (0.00%)
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	182	3.85	1,734	0.00
100 – 1,000	817	17.27	418,235	0.21
1,001 – 10,000	2,782	58.82	12,884,899	6.35
10,001 – 1,000,000	935	19.77	42,277,049	20.84
1,000,001 AND ABOVE	14	0.29	147,296,031	72.60
TOTAL	**4,730**	**100.00**	**202,877,948**	**100.00**

TWENTY LARGEST SHAREHOLDERS

As shown in the Register of Members and Depository Register

No.	Name	No. of Shares	%
1	BENETY CHANG	87,747,437	43.25
2	HENG CHIN NGOR DORIS @HENG LEE FUNG DORIS	19,151,771	9.44
3	HO KIM LEE ADRIAN	10,000,980	4.93
4	DBS NOMINEES (PRIVATE) LIMITED	6,266,387	3.09
5	LIM & TAN SECURITIES PTE LTD	5,013,160	2.47
6	TAN YANG GUAN	4,128,554	2.03
7	GU JIAN LIN	3,224,600	1.59
8	AUROL ANTHONY SABASTIAN	3,115,134	1.54
9	CHIAM TOON CHEW	2,314,320	1.14
10	UOB KAY HIAN PRIVATE LIMITED	1,522,140	0.75
11	PHILLIP SECURITIES PTE LTD	1,382,068	0.68
12	CITIBANK NOMINEES SINGAPORE PTE LTD	1,337,720	0.66
13	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,086,460	0.54
14	YEAP CHEOW SOON	1,005,300	0.50
15	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	928,601	0.46
16	MAGHEART PTE LTD	890,000	0.44
17	OCBC SECURITIES PRIVATE LIMITED	842,902	0.42
18	DIANA SNG SIEW KHIM	761,720	0.38
19	GOH YONG GIM	549,100	0.27
20	BOOI PANG HIN	534,800	0.26
	TOTAL	**151,803,154**	**74.84**

STATISTICS OF SHAREHOLDINGS

As at 10 March 2021

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 10 March 2021:

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Dr Benety Chang [1]	87,747,437	43.25	19,151,771	9.44
Dr Doris Heng Chin Ngor [2]	19,151,771	9.44	87,747,437	43.25

Notes:

[1] *Dr Benety Chang's deemed interests include 19,151,771 shares held by his wife, Dr Doris Heng Chin Ngor.*

[2] *Dr Doris Heng Chin Ngor's deemed interests include 87,747,437 shares held by her husband, Dr Benety Chang.*

Free Float

Based on the information available to the Company as at 10 March 2021 and to the best knowledge of the Directors and the substantial shareholders of the Company, approximately 45.16% of the issued ordinary shares (excluding Treasury Shares and Subsidiary Holdings) of the Company was held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the "**AGM**" or the "**Meeting**") of Baker Technology Limited (the "**Company**") will be held by way of electronic means on Wednesday, 28 April 2021 at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1 To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2020 and the Auditors' Report thereon. **(Resolution 1)**

2 To approve Directors' fees of up to S$236,250 for the financial year ending 31 December 2021, to be paid quarterly in arrears. (FY2019 : S$236,250) **(Resolution 2)**

3 To re-elect Mr Wong Meng Yeng, being a Director who retires by rotation pursuant to Article 110 of the Constitution of the Company. **(Resolution 3)**

4 To re-elect Ms Jeanette Chang, being a Director who retires by rotation pursuant to Article 110 of the Constitution of the Company. **(Resolution 4)**

5 To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise Directors to fix their remuneration. **(Resolution 5)**

6 To transact any other business that may be transacted at an AGM.

SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

7 **"Share Issue Mandate** **(Resolution 6)**

That pursuant to the Company's Constitution and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, authority be given to the Directors of the Company to issue shares ("**Shares**") whether by way of rights, bonus or otherwise, and/or 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) warrants, debentures or other instruments convertible into Shares at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit provided that:

(a) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed one hundred per cent (100%) of 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, of which the aggregate number of Shares and convertible securities to be issued other than on a pro-rata basis to all shareholders of the Company shall not exceed twenty per cent (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the share capital of the Company;

NOTICE OF ANNUAL GENERAL MEETING

(b) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) 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) of the Company as at the date of the passing of this Resolution, after adjusting for: **(Resolution 6)**

(i) new shares arising from the conversion or exercise of convertible securities;

(ii) new shares arising from exercising share options or vesting of Share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 ; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustment in accordance with (b)(i) and (b)(ii) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of passing of this Resolution.

(c) And that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next AGM or the date by which the next AGM of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities."

8 **"Proposed Renewal of the Share Buyback Mandate** **(Resolution 7)**

That for the purposes of Sections 76C and 76E of the Companies Act (Chapter 50), the Directors of the Company be and are hereby authorised to make purchases or otherwise acquire issued and fully paid-up ordinary shares from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to 10% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as ascertained as at the date of the AGM of the Company) at the price of up to but not exceeding the Maximum Price as defined in the Appendix dated 6 April 2021 (the "**Appendix**"), in accordance with the terms of the Share Buyback Mandate set out in the Appendix, and this mandate shall, unless revoked or varied by the Company in general meeting, continue in force until (i) the date of the next AGM of the Company or the date by which the next AGM of the Company is required by law or the Constitution of the Company to be held; (ii) the date on which the share purchases are carried out to the full extent mandated; or (iii) the time when the authority conferred by this mandate is revoked or varied by Shareholders in general meeting, whichever is the earliest."

9 **"Approval for the continued appointment of Mr Wong Meng Yeng, as an Independent Director, for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST by all shareholders** **(Resolution 8)**

That, subject to and contingent upon the passing of Ordinary Resolution 3 above and Ordinary Resolution 9 below, and in accordance with Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022):

(a) the continued appointment of Mr Wong Meng Yeng, as an Independent Director be and is hereby approved; and

(b) the authority conferred by this Resolution shall continue in force until the earlier of the following:

(i) the retirement or resignation of Mr Wong Meng Yeng as a Director; or

(ii) the conclusion of the third AGM of the Company following the passing of this Resolution."

10 **"Approval for the continued appointment of Mr Wong Meng Yeng, as an Independent Director, for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST by shareholders, excluding the directors and the chief executive officer of the Company and their respective associates** **(Resolution 9)**

That, subject to and contingent upon the passing of Ordinary Resolution 3 and Ordinary Resolution 8 above, and in accordance with Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) :

(a) the continued appointment of Mr Wong Meng Yeng, as an Independent Director be and is hereby approved; and

(b) the authority conferred by this Resolution shall continue in force until the earlier of the following:

(i) the retirement or resignation of Mr Wong Meng Yeng as a Director; or

(ii) the conclusion of the third AGM of the Company following the passing of this Resolution.

By Order of the Board

Lim Mee Fun
Company Secretary
Singapore
6 April 2021

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

Resolution 2 The Ordinary Resolution 2, if passed, will authorise the Directors of the Company to pay Directors' fees to Independent Directors for the year ending 31 December 2021 quarterly in arrears.

Resolution 3 Detailed information pursuant to Rule 720(6) of the Listing Manual of SGX-ST on Mr Wong Meng Yeng can be found in the section titled "Directors Standing for Re-Election at the AGM" of the Annual Report.

Resolution 4 Detailed information pursuant to Rule 720(6) of the Listing Manual of SGX-ST on Ms Jeanette Chang can be found in the section titled "Directors Standing for Re-Election at the AGM" of the Annual Report.

Resolution 6 On 16 March 2021, SGX RegCo issued a news release on the extension of availability of the Enhanced Share Issue Limit where Mainboard issuers are allowed to provisionally seek a general mandate for an issue of pro-rata shares and convertible securities of up to 100% of its share capital (excluding treasury shares and subsidiary holdings in each class) versus 50% previously.

The Company is proposing to seek shareholders' approval for a general mandate with an Enhanced Share Issue Limit at the upcoming AGM. The Board of Directors is of the view that it would be in the interest of the Company and its shareholders to do so amid the challenging business and economic climate due to COVID-19 situation in the event that a 50% limit for pro rata issues is no longer sufficient to meet the Company's needs. If no Enhanced Share Issue Limit were to be in place, fund raising efforts would otherwise be unnecessarily hampered and compromised by the time needed to obtain shareholders' approval to issue shares above the 50% threshold.

The Enhanced Share Issue Limit will expire at the conclusion of the next AGM, or on the date by which next AGM is required by law or the SGX-ST Listing Manual to be held, whichever is the earliest.

The limit on the aggregate number of shares and convertible securities issued other than on a pro rata basis remains at not more than 20%.

Resolution 7 The Ordinary Resolution 7, if passed, will empower the Directors of the Company from the date of this AGM until (i) the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law or the Constitution of the Company to be held; (ii) the date on which the share purchases are carried out to the full extent mandated; or (iii) the time when the authority conferred by this mandate is revoked or varied by Shareholders in general meeting, whichever is the earliest, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to 10% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the Maximum Price as defined in the Appendix.

The rationale for the authority and limits on the sources of funds to be used for the purchase or acquisition of shares, including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buyback Mandate on the audited financial statements of the Group for the financial year ended 31 December 2020, are set out in greater detail in the Appendix.

Resolutions 8 & 9 With effect from 1 January 2022, Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST will provide that a Director will not be independent if he has been a Director for an aggregate period of more than nine years and his continued appointment as an independent Director has not been sought and approved in separate resolutions by (a) all shareholders; and (b) shareholders excluding the Directors and the chief executive officer of the Company, and their respective associates.

Mr Wong Meng Yeng is an Independent Director who has served for more than nine years.

Given Mr Wong Meng Yeng is seeking re-election as Director at the AGM, the Company is proposing to seek, at the same time, the requisite approval from shareholders for his continued appointment as an Independent Director via a Two-Tier Voting process for a three-year term, with effect from the passing of this resolution proposed at the forthcoming AGM, until the conclusion of the third AGM of the Company following the passing of this resolution.

NOTES RELATING TO MEASURES TO MINIMISE THE RISK OF COVID-19:

1. The AGM is being convened, and will be held, by electronic means pursuant to the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 as part of the Company's efforts to minimise physical interactions and Covid-19 transmission risk. **Due to the constantly evolving Covid-19 situation in Singapore, the Company may be required to change its AGM arrangements at short notice. Shareholders should check the Company's announcements on SGXNet for the latest updates on the status of the AGM, if any.**

2. The Annual Report, Appendix dated 6 April 2021 (in relation to the proposed renewal of the share buyback mandate), Notice of AGM and Proxy Form have been published on the SGX website at the URL https://www.sgx.com/securities/company-announcements. These documents can also be accessed at the Company's website as follows:

   https://www.bakertech.com.sg/investor-relations/2021-2
   https://www.bakertech.com.sg/investor-relations/annual-report
   https://www.bakertech.com.sg/investor-relations/circulars

   Printed copies of these documents will be despatched to the shareholders on 6 April 2021.

3. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the Meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions (as may be determined by the Company in its sole discretion) prior to or at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the accompanying Company announcement dated 6 April 2021. This announcement may be accessed at the Company's website at the URL https://www.bakertech.com.sg/investor-relations/2021-2, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

NOTICE OF ANNUAL GENERAL MEETING

4. **Due to the current Covid-19 situation in Singapore, a member (including Relevant Intermediary*) will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.** The accompanying proxy form for the AGM may be accessed at the Company's website at the URL https://www.bakertech.com.sg/investor-relations/2021-2, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

   Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

   CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 pm on 16 April 2021.

5. The Chairman of the Meeting, as proxy, need not be a member of the Company.

6. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged at the office of the Company at 10 Jalan Samulun Singapore 629124; or

   (b) if submitted electronically, be submitted via email to the Company at investor_relations@bakertech.com.sg

   in either case not less than 72 hours before the time appointed for the AGM.

***" 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 ("CPF Board") established by the Central Provident Fund Act (Chapter 36) of Singapore, 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 CPF 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 the Chairman of the Meeting as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

DIRECTORS STANDING FOR RE-ELECTION AT THE ANNUAL GENERAL MEETING

DECLARATION REQUIRED BY RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST

Name	**WONG MENG YENG**
Job Title	Independent Director Chairman of the Board Chairman of Nominating Committee Audit Committee Member Remuneration Committee Member
Date of Appointment	3 June 2010
Date of last Re-Election	27 April 2018
Age	62
Country of principal residence	Singapore
The Board's comments on this re-election (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has accepted the Nominating Committee's recommendation on Mr Wong Meng Yeng's re-election after taking into consideration of Mr Wong Meng Yeng's contribution and performance as Independent Director of the Company.
Whether the appointment is executive, and if so, the area of responsibility	Non-Executive
Professional qualifications	Mr Wong Meng Yeng holds a Bachelor of Laws (Honours) Degree from the National University of Singapore.
Shareholding interest in the Company and its subsidiaries	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or of any of its principal subsidiaries	None
Conflict of interest (including any competing business)	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company	Yes

DIRECTORS STANDING FOR RE-ELECTION AT THE ANNUAL GENERAL MEETING

Working experience and occupation(s) during the past 10 years	Legal practice at Alliance LLC with focus on corporate commercial matters
Other Principal Commitments including Directorships – Past (for the last 5 years)	***Past Directorship:*** KS Energy Ltd Keong Hong Holdings Ltd ***Past Principal Commitments:*** Nil
Other Principal Commitments including Directorships – Present	***Present Directorship:*** Multi-Chem Limited Alliance LLC Bancalliance Pte Ltd Straumann Singapore Pte Ltd Collinfood Pte Ltd Memoasia Group Limited Providence Inc Gracecourt Offshore Inc ***Present Principal Commitments:*** Advocate and solicitor and director at Alliance LLC

(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c)	Whether there is any unsatisfied judgment against him?	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No

(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? No

(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? No

(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? No

(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? No

(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– No

(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or

(ii) any entity (not being a corporation) which has been investigated for a breach for any law or regulatory requirement governing such entities in Singapore or elsewhere; or

(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere.

(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? No

DIRECTORS STANDING FOR RE-ELECTION AT THE ANNUAL GENERAL MEETING

DECLARATION REQUIRED BY RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST

Name	**JEANETTE CHANG**
Job Title	Executive Director Chief Executive Officer Nominating Committee Member
Date of Appointment	1 September 2013
Date of last Re-Election	26 April 2019
Age	44
Country of principal residence	Singapore
The Board's comments on this re-election (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has accepted the Nominating Committee's recommendation on Ms Jeanette Chang's re-election after taking into consideration of Ms Jeanette Chang's contribution and performance as Executive Director & Chief Executive Officer of the Company.
Whether the appointment is executive, and if so, the area of responsibility	Executive. Ms Jeanette Chang is also the Chief Executive Officer of the Company and she is responsible for the overall management of the Group.
Professional qualifications	Ms Jeanette 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.
Shareholding interest in the Company and its subsidiaries	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or of any of its principal subsidiaries	Daughter of Dr Benety Chang (Executive Director and Substantial Shareholder of the Company) & Dr Doris Heng Chin Ngor (Substantial Shareholder of the Company)
Conflict of interest (including any competing business)	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company	Yes
Working experience and occupation(s) during the past 10 years	2019-Current : Chief Executive Officer , Baker Technology Limited 2013-Current : Executive Director, Baker Technology Limited 2018-Current : Non-Executive Non-Independent Director of CH Offshore Ltd. 2007-2013 : Director, Equity Capital Markets, Barclays Bank PLC, Singapore

Other Principal Commitments including Directorships – Past (for the last 5 years)	***Past Directorship:*** Nil ***Past Principal Commitments:*** Nil
Other Principal Commitments including Directorships – Present	***Present Directorship:*** CH Offshore Ltd. Baker Engineering Pte. Ltd. BT Investment Pte. Ltd. Sea Hercules Cranes Pte. Ltd. Sea Deep Shipyard Pte. Ltd. BT Offshore (B) Sdn Bhd BT Offshore (Malaysia) Pte Ltd BT OSV 1 Pte. Ltd. BT Titanium Pte. Ltd. BT Offshore Management Pte. Ltd. Interseas Pte. Ltd. CHO Ship Management Pte. Ltd. Delaware Marine Pte Ltd Garo Pte. Ltd. Offshore Gold Shipping Pte. Ltd. Pembrooke Marine Pte Ltd Sea Glory Private Limited Venture Offshore Pte. Ltd. High Majestic Sdn Bhd PT Bahtera Nusantara Indonesia (President Commissioner) ***Present Principal Commitments:*** Nil

(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c)	Whether there is any unsatisfied judgment against him?	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No

DIRECTORS STANDING FOR RE-ELECTION AT THE ANNUAL GENERAL MEETING

(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–	No
	(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	
	(ii) any entity (not being a corporation) which has been investigated for a breach for any law or regulatory requirement governing such entities in Singapore or elsewhere; or	
	(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	
	(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere.	
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No

BAKER TECHNOLOGY LIMITED

(Unique Entity Number 198100637D)
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. The Annual General Meeting (the "**AGM**" or the "**Meeting**") is being convened, and will be held, by electronic means pursuant to the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 as part of the Company's efforts to minimise physical interactions and Covid-19 transmission risk. **Due to the constantly evolving Covid-19 situation in Singapore, the Company may be required to change its AGM arrangements at short notice. Shareholders should refer to the Company's announcements on SGXNet for the latest updates on the status of the AGM, if any.**
2. Printed copies of Annual Report, Appendix dated 6 April 2021 (in relation to the proposed renewal of the share buyback mandate), Notice of AGM and Proxy Form **will be despatched to the shareholders on 6 April 2021**. These documents have been published on the SGX website at the URL https://www.sgx.com/securities/company-announcements and can be accessed at the Company's website as follows:

   https://www.bakertech.com.sg/investor-relations/2021-2
   https://www.bakertech.com.sg/investor-relations/annual-report
   https://www.bakertech.com.sg/investor-relations/circulars
3. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the Meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions (as may be determined by the Company in its sole discretion) prior to or at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the accompanying Company's announcement dated 6 April 2021. This announcement may be accessed at the Company's website at the URL https://www.bakertech.com.sg/investor-relations/2021-2, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.
4. Due to the current Covid-19 situation in Singapore, a member (including Relevant Intermediary) will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.
5. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.
6. CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5:00 p.m. on 16 April 2021.
7. By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 6 April 2021.

*I/We, ______________________________ (Name), ______________________ (NRIC/Passport/Registration No.)

of ____ (Address),

being a *member/members of **BAKER TECHNOLOGY LIMITED** (the "**Company"**), hereby appoint the Chairman of the AGM as *my/our proxy to vote for *me/us on my/our behalf at the AGM of the Company to be held by way of electronic means on Wednesday, 28 April 2021 at 4.00 p.m. and at any adjournment thereof.

* *Delete where inapplicable*

\# *Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes "for" or "against" a resolution, please indicate with an "X" in the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "for" or "against" in the "For" or "Against" box in respect of that resolution. If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please indicate with an "X" in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to abstain from voting in the "Abstain" box in respect of that resolution.* ***In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.***

No.	Resolutions relating to:	For#	Against#	Abstain#
	ORDINARY BUSINESS			
1.	Adoption of Directors' Statement and Audited Financial Statements for the year ended 31 December 2020			
2.	Approval of Directors' fees for the year ending 31 December 2021			
3.	Re-election of Mr Wong Meng Yeng as a Director			
4.	Re-election of Ms Jeanette Chang as a Director			
5.	Re-appointment of Ernst & Young LLP as Auditor			
	SPECIAL BUSINESS			
6.	Authority to issue shares and/or convertible securities			
7.	Renewal of Share Buyback Mandate			
8.	Approval for the continued appointment of Mr Wong Meng Yeng, as an Independent Director, for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022)			
9.	Approval for the continued appointment of Mr Wong Meng Yeng, as an Independent Director, for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022)			

Dated this ____________ day of ______________ 2021

Total number of Ordinary Shares Held	
(a) CDP Register	
(b) Register of Members	

____

Signature of Member(s) or
Common Seal of Corporate Shareholder(s)

NOTES TO PROXY FORM

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

2. **Due to the current Covid-19 situation in Singapore and the Company's efforts to minimise physical interactions and Covid-19 transmission risk, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.** This proxy form may be accessed at the Company's website at the URL https://www.bakertech.com.sg/investor-relations/2021-2, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements. Printed copies of proxy form will also be sent to members on 6 April 2021.

   Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

   CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5:00 p.m. on 16 April 2021.

3. The Chairman of the Meeting, as proxy, need not be a member of the Company.

4. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
   (a) if submitted by post, be lodged at the office of the Company at 10 Jalan Samulun Singapore 629124; or
   (b) if submitted electronically, be submitted via email to the Company at investor_relations@bakertech.com.sg

   in either case not less than 72 hours before the time appointed for the AGM.

5. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument appointing the Chairman of the Meeting as proxy is submitted by post, be lodged with the instrument of proxy or, if the instrument appointing the Chairman of the Meeting as proxy is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.

6. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy 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 the Chairman of the Meeting as proxy (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged or submitted 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 AGM, 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 AGM dated 6 April 2021.

MIX
Paper from
responsible sources
FSC™ C158351
FSC
www.fsc.org

BAKER Technology limited

BAKER TECHNOLOGY LIMITED

Unique Entity Number 198100637D
10 Jalan Samulun
Singapore 629124
Tel: (65) 6262 1380
Fax: (65) 6262 2108
Website: www.bakertech.com.sg