

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

RESPONSE TO SGX-ST QUERY

The Board of Directors (the “**Board**”) of Baker Technology Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) has received the following query from Singapore Exchange Securities Trading Limited on 6 August 2021 in relation to the Group’s Unaudited Condensed Interim Financial Statements for the 6 months ended 30 June 2021 published via SGXNet on 30 July 2021 and wishes to clarify the following:

QUESTION 1

Page 1: Cost of sales

Further explain and provide a breakdown of the 26% decrease to \$21,733,000, noting that Revenue only decreased 4%. We note from page 14: “Despite a lower revenue, gross profit improved by \$6.2 million from \$2.4 million in 1H2020 to \$8.6 million for 1H2021 due to a higher margin recorded from chartering activities. The Group had reported lower margin from chartering activities in 1H2020 as vessel operating expenses including vessel depreciation continued to be incurred during vessel off-hire periods.” Why was there a higher margin recorded from chartering activities in 1H2021? How and why did vessel depreciation change from 1H2020 to 1H2021?

COMPANY’S RESPONSE

The Group’s revenue in 1H2021 reflects a larger contribution from large vessel chartering activity and a lower contribution from spare sales, fabrication revenue and smaller vessel chartering activity as compared to 1H2020. As such, given that the margin from large vessel chartering is higher than that from the other revenue contributors, despite the fall in revenue, our gross profit has improved. The lower vessel depreciation in 1H2021 reflects the completion of sale of a few of our vessels during 2020 and start of 2021 and the impact of the vessel impairment provision in 2020.

By Order of the Board
Lim Mee Fun
Company Secretary
11 August 2021