Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Baker Technology Limited

Stock code: BTP

Meeting details:
Date: 19 June 2020
Time: 4.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. Would the board/management provide shareholders with better clarity on the following operational issues? Specifically:

(i) **Engineering & manufacturing: What is the level of activities and the performance of the main operating subsidiaries in the engineering/ manufacturing (namely Sea Deep Shipyard Pte. Ltd. and Baker Engineering Pte. Ltd.)?**

(ii) **Blue Titanium:** According to online checks, it appears that the state-of-the--Art DP2 Liftboat, Blue Titanium, is deployed in Brunei Darussalam under the group's wholly-owned subsidiary, BT Offshore (B) Sdn Bhd. Revenue from the group's major customer was $24.9 million in FY2019 (2018: $22.3 million). **Can management help shareholders understand the length of the time charter?** The liftboat was first deployed in the second quarter of 2018 to support rejuvenation works for oil and gas platforms for a national oil company.

Q2. Between July and September 2018, the group acquired a 54.98% stake in CH Offshore Ltd., which is involved in vessel owning and chartering and ship management. The acquisition was a strategic investment to extend the group's reach into new markets.

In FY2019, CH Offshore incurred a loss after income tax of US$14.1 million in FY2019. This was due to losses from associates (contributed by a loss of disposal of vessels by CHO's Indonesian associate), and a provision for brokers' commission following results of the arbitration proceedings in 3Q 2019.

(i) **With almost 2 years of ownership of CH Offshore, can management help shareholders understand if the original investment thesis is playing out as planned?**

(ii) **Given the current state of the global economy and the offshore oil and gas industry, what are management's plans to turn around CH offshore which has a core fleet of high-performance Anchor Handling Tug Supply ("AHTS") vessels?**

(iii) **What were the utilisation rates of its AHTS?**

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Q3. On 23 March 2020, the company announced that there are material variances between the unaudited results (first announced by the company on 27 February 2020) and the audited financial statements for FY2019 after the finalisation of audit.

As disclosed, the reasons for the material variances are:

- Reclassification by loan to associate from non-current to current assets by CH Offshore Limited
- Reclassification of amounts due from subsidiaries to investment in subsidiaries
- Adjustment for error for foreign translation losses attributable to non-controlling interests

The reclassifications were as large as $65.8 million.

(i) **How can shareholders get assurance from management that the financial statements in the group and in its listed subsidiary (CH Offshore) are prepared in accordance with the relevant Act and financial reporting standards?**

(ii) **Has the audit committee (AC) evaluated if the internal financial reporting/finance team is sufficiently resourced with experienced and qualified staff to ensure the integrity of the financial statements?**

(iii) **Can the AC update shareholders on the improvement made/to be made to the group's financial reporting systems and processes?**

^Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings)

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