Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: Baker Technology Limited

Stock code: BTP

Meeting details:
Date: 28 April 2023
Time: 10.00 a.m.
Venue: Nautica Room, Level 2, Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Q1. The "Recoverability of trade receivables" is a key audit matter (KAM) highlighted by the independent auditors in their report on the audit of the financial statements. Key audit matters are those matters that, in the professional judgement of the Independent Auditor, were of most significance in the audit of the financial statements of the current period.

As noted in the KAM, as at 31 December 2022, the carrying amount of the group's trade receivables, net of allowance for expected credit losses (ECL) of $7,596,000 amounted to $26,232,000, which represented 22% of its current assets.

Expected credit loss (ECL) of trade receivables and contract assets

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

	Gross amount $'000	Group loss allowance $'000	Carrying amount $'000
2022			
Current	**15,827**	**–**	**15,827**
< 3 months past due	**8,219**	**(741)**	**7,478**
3 to 6 months past due	**1,265**	**(500)**	**765**
6 to 12 months past due	**4,681**	**(2,749)**	**1,932**
>12 months past due	**3,836**	**(3,606)**	**230**
	33,828	**(7,596)**	**26,232**
Contract assets	**7,222**	**(400)**	**6,822**
	41,050	**(7,996)**	**33,054**
2021			
Current	11,361	–	11,361
< 3 months past due	7,229	(42)	7,187
3 to 6 months past due	751	(135)	616
6 to 12 months past due	404	(16)	388
>12 months past due	3,947	(3,213)	734
	23,692	(3,406)	20,286
Contract assets	6,002	–	6,002
	29,694	(3,406)	26,288

(Source: company annual report)

The additional allowance for expected credit loss of $4.4 million in FY2022 was recognised in the profit & loss statement as administrative expenses.

(i) **What are the reasons for the increase in trade receivables past due, particularly trade receivables that are 6 to 12 months past due?**

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

(ii) **What are the profiles of customers with long outstanding debts, and how does the company plan to manage these outstanding debts?**

(iii) **Do these figures in the table above include trade receivables owed to CH Offshore by her customers?**

(iv) **What guidance has the audit committee (AC) given to management to only extend credit to creditworthy trade customers? Has the AC monitored the group's compliance with its credit risk policy?**

Q2. It has been nearly 5 years since the group acquired a controlling stake in CH Offshore Ltd (together with its subsidiaries, CHO Group). CHO Group owns six 12,240 bhp anchor handling tugs, each equipped with state-of-the-art facilities for heavy offshore work in deeper waters.

The vessels provide offshore support services such as offshore construction support, towing, anchor-handling, supply of deck, liquid and dry bulk cargoes and field support services. They are deployed across the globe from Mexico, Africa, India to South-East Asia among other locations. In addition to providing ship management services for the group's vessels, CHO also provides ship management services for third party vessels.

The net asset value per share of CH Offshore has decreased from 13.71 US cents as at 30 June 2018 to 6.88 US cents as at 30 December 2022.

(i) **Can management provide shareholders with its views on the prospects of the CHO Group? Did management underestimate the challenges faced by CH Offshore at the point of the acquisition in 2018?**

(ii) **What role has management played in the day-to-day operations of CHO Group?**

(iii) **Other than ship management services, are there synergies between CHO and the rest of the group's operations?**

(iv) **In addition, would the board/management facilitate a review of CHO Group's operations and contracts to identify possible weak spots? How many arbitration proceedings has CH Offshore been involved with?**

(v) **Has the board evaluated all available options for CH Offshore and considered any potential strategic alternatives?**

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Q3. In his message to shareholders, the chairman emphasised the group's commitment to maintaining high corporate governance standards while uplifting other stakeholders at the same time.

The board, in the corporate governance report, stated that all three independent directors will continue to be deemed independent until the AGM held for the financial year ending on or after 31 December 2023 as provided for in the transition measures announced by SGX RegCo. The independent directors, Mr Wong Meng Yeng, Mr Ang Miah Khiang and Ms Han Sah Heok Vicky, were appointed on 3 June 2010, 1 November 2013 and 1 December 2013 respectively. The company further added that the nominating committee (NC) and the board will make plans to refresh the composition of independent directors in due course.

Mr Tan Boon Gin, CEO of SGX RegCo, noted that the limit on tenure of IDs provides an opportunity for companies to inject new skills, experience and knowledge into their boards, all of which will be invaluable in guiding the business for the long term.

(i) **Has the NC reviewed the current competency matrix of the board and identified any gaps in skills or competencies that need to be addressed in future director appointments?**

(ii) **What is the progress made in identifying and appointing new directors? Can the NC also elaborate further on its review of the succession plans for the board chairman, as stated in its terms of reference? What are the established selection criteria for appointing the board chairman?**

(iii) **Would the concurrent cessation of three independent directors potentially disrupt the proper functioning of the board? What steps will the board/NC take to ensure continuity, stability, and board renewal?**

(iv) **Separately, what are the key findings from the most recent formal assessment of the effectiveness of the board and the board committees?**

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

Join our mailing list here to receive latest news and upcoming events.

CONNECT WITH US