



**BAKER TECHNOLOGY LIMITED**

Company Registration No.: 198100637D

**Unaudited Full Year Financial Statements and Dividend Announcement for the Year Ended 31 December 2019**

**PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**

**1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year**

**CONSOLIDATED INCOME STATEMENT**

|   | Group          |                |            |                 |               |            |
|---|----------------|----------------|------------|-----------------|---------------|------------|
|   | 3 months ended |                |            | 12 months ended |               |            |
|   | 31/12/19       | 31/12/18       | Change     | 31/12/19        | 31/12/18      | Change     |
|   | S\$'000        | S\$'000        | %          | S\$'000         | S\$'000       | %          |
| Revenue                                   | 11,880         | 18,530         | -36        | 64,482          | 32,702        | +97        |
| Cost of goods sold                        | (13,185)       | (14,069)       | -6         | (47,222)        | (23,326)      | +102       |
| <b>Gross (loss) / profit</b>              | <b>(1,305)</b> | <b>4,461</b>   | <b>NM</b>  | <b>17,260</b>   | <b>9,376</b>  | <b>+84</b> |
| Administrative expenses                   | (5,360)        | (5,613)        | -5         | (28,051)        | (17,264)      | +62        |
| Other operating (expenses) / income, net  | 290            | (67)           | NM         | 319             | 619           | -48        |
| Bargain purchase gain                     | -              | (109)          | NM         | -               | 24,709        | NM         |
| Foreign exchange (loss) / gain            | (788)          | (743)          | 6          | (566)           | 320           | NM         |
| Finance cost                              | (223)          | (156)          | +43        | (929)           | (206)         | NM         |
| Share of results of associates            | -              | (3,123)        | NM         | (4,953)         | (3,101)       | +60        |
| <b>(Loss) / profit before taxation</b>    | <b>(7,386)</b> | <b>(5,350)</b> | <b>+38</b> | <b>(16,920)</b> | <b>14,453</b> | <b>NM</b>  |
| Income tax expense                        | (865)          | (182)          | NM         | (1,021)         | (138)         | NM         |
| <b>Net (loss) / profit for the period</b> | <b>(8,251)</b> | <b>(5,532)</b> | <b>+49</b> | <b>(17,941)</b> | <b>14,315</b> | <b>NM</b>  |
| <b>Results attributable to:</b>           |                |                |            |                 |               |            |
| Owners of the Company                     | (7,620)        | (2,384)        | NM         | (9,392)         | 17,624        | NM         |
| Non-controlling interests                 | (631)          | (3,148)        | -80        | (8,549)         | (3,309)       | +158       |
| <b>Net (loss) / profit for the period</b> | <b>(8,251)</b> | <b>(5,532)</b> | <b>+49</b> | <b>(17,941)</b> | <b>14,315</b> | <b>NM</b>  |

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

|   | Group           |                |             |                 |               |           |
|---|-----------------|----------------|-------------|-----------------|---------------|-----------|
|   | 3 months ended  |                |             | 12 months ended |               |           |
|   | 31/12/19        | 31/12/18       | Change      | 31/12/19        | 31/12/18      | Change    |
|   | S\$'000         | S\$'000        | %           | S\$'000         | S\$'000       | %         |
| <b>Net (loss) / profit for the period</b>         | <b>(8,251)</b>  | <b>(5,532)</b> | <b>+49</b>  | <b>(17,941)</b> | <b>14,315</b> | <b>NM</b> |
| <b>Other comprehensive income:</b>                |                 |                |             |                 |               |           |
| Net fair value (loss) / gain on other investments | (212)           | 41             | NM          | (197)           | 25            | NM        |
| Foreign currency translation                      | (3,213)         | (152)          | NM          | (1,487)         | (345)         | NM        |
| <b>Total comprehensive income for the period</b>  | <b>(11,676)</b> | <b>(5,643)</b> | <b>+107</b> | <b>(19,625)</b> | <b>13,995</b> | <b>NM</b> |

|  | Group           |                |             |                 |               |           |
|--|-----------------|----------------|-------------|-----------------|---------------|-----------|
|  | 3 months ended  |                |             | 12 months ended |               |           |
|  | 31/12/19        | 31/12/18       | Change      | 31/12/19        | 31/12/18      | Change    |
| S\$'000  | S\$'000         | %              | S\$'000     | S\$'000         | %             |           |
| <u>Attributable to:</u>                          |                 |                |             |                 |               |           |
| Owners of the Company                            | (11,520)        | (2,305)        | NM          | (12,185)        | 17,581        | NM        |
| Non-controlling interests                        | (156)           | (3,338)        | -95         | (7,440)         | (3,586)       | +107      |
| <b>Total comprehensive income for the period</b> | <b>(11,676)</b> | <b>(5,643)</b> | <b>+107</b> | <b>(19,625)</b> | <b>13,995</b> | <b>NM</b> |

NM – Not meaningful

**Explanatory notes:**

- (a) (Loss) / profit before taxation is stated after charging / (crediting):

|   | Group          |          |         |                 |          |        |
|---|----------------|----------|---------|-----------------|----------|--------|
|   | 3 months ended |          |         | 12 months ended |          |        |
|   | 31/12/19       | 31/12/18 | Change  | 31/12/19        | 31/12/18 | Change |
| S\$'000   | S\$'000        | %        | S\$'000 | S\$'000         | %        |        |
| Depreciation and amortisation                                 | 4,543          | 5,112    | -11     | 18,442          | 11,622   | +59    |
| Loss on disposal of property, plant and equipment             | 1              | 18       | -94     | 424             | 18       | NM     |
| Interest income   | (267)          | (117)    | +128    | (658)           | (522)    | +26    |
| Interest expense  | 223            | 156      | +43     | 929             | 206      | NM     |
| Inventories and contract assets (written back) / written down | (55)           | 514      | NM      | (34)            | 538      | NM     |
| Allowance for doubtful debts                                  | 960            | 266      | NM      | 1,847           | 266      | NM     |

- (b) The tax expense for 4Q2019 and FY2018 were mainly under provision of current taxation for prior years.

- (c) The amount was related to the losses attributed to the 45.02% minority shareholders of CH Offshore Ltd.

**1(b)(i) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year**

|                                 | Group          |                | Company        |                |
|---------------------------------|----------------|----------------|----------------|----------------|
|                                 | 31/12/2019     | 31/12/2018     | 31/12/2019     | 31/12/2018     |
|                                 | S\$'000        | S\$'000        | S\$'000        | S\$'000        |
| <b>Non-current assets</b>       |                |                |                |                |
| Property, plant and equipment   | 209,759        | 230,341        | 4              | 3              |
| Right-of-use assets (a)         | 5,465          | -              | -              | -              |
| Intangible assets               | 1,293          | 1,551          | -              | -              |
| Investment in subsidiaries      | -              | -              | 22,800         | 22,800         |
| Investment in associates (b)    | -              | 4,979          | -              | -              |
| Loan to associates (b)          | 621            | 3,406          | -              | -              |
| Other investments (c)           | 2,173          | 2,491          | 2,173          | 2,491          |
|                                 | <b>219,311</b> | <b>242,768</b> | <b>24,977</b>  | <b>25,294</b>  |
| <b>Current assets</b>           |                |                |                |                |
| Inventories and contract assets | 3,621          | 2,247          | -              | -              |
| Trade and other receivables     | 21,444         | 23,985         | 110            | 68             |
| Amounts due from subsidiaries   | -              | -              | 160,039        | 165,769        |
| Loan to associates (b)          | 6,837          | 5,862          | -              | -              |
| Other investments (c)           | 270            | 797            | 270            | 797            |
| Cash and short-term deposits    | 45,222         | 28,920         | 24,666         | 14,575         |
|                                 | <b>77,394</b>  | <b>61,811</b>  | <b>185,085</b> | <b>181,209</b> |

|  | <b>Group</b>      |                   | <b>Company</b>    |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | <b>31/12/2019</b> | <b>31/12/2018</b> | <b>31/12/2019</b> | <b>31/12/2018</b> |
|  | <b>S\$'000</b>    | <b>S\$'000</b>    | <b>S\$'000</b>    | <b>S\$'000</b>    |
| <b><u>Current liabilities</u></b>                                  |                   |                   |                   |                   |
| Contract liabilities   | 269               | -                 | -                 | -                 |
| Trade payables and other liabilities                               | 16,523            | 10,265            | 597               | 601               |
| Amounts due to subsidiaries  | -                 | -                 | 7,003             | 7,650             |
| Borrowings   | 8,713             | 8,447             | -                 | -                 |
| Lease liabilities (a)  | 799               | -                 | -                 | -                 |
| Tax payable  | 1,309             | 146               | -                 | -                 |
|  | <b>27,613</b>     | <b>18,858</b>     | <b>7,600</b>      | <b>8,251</b>      |
| <b>Net current assets</b>  | <b>49,781</b>     | <b>42,953</b>     | <b>177,485</b>    | <b>172,958</b>    |
| <b><u>Non-current liabilities</u></b>                              |                   |                   |                   |                   |
| Deferred tax liabilities   | 5,519             | 5,545             | -                 | -                 |
| Other payables and liabilities (a)                                 | 1,550             | -                 | -                 | -                 |
| Borrowings   | 3,048             | 4,067             | -                 | -                 |
| Lease liabilities (a)  | 3,505             | -                 | -                 | -                 |
|  | 13,622            | 9,612             | -                 | -                 |
| <b>Net assets</b>  | <b>255,470</b>    | <b>276,109</b>    | <b>202,462</b>    | <b>198,252</b>    |
| <b><u>Equity attributable to equity holders of the Company</u></b> |                   |                   |                   |                   |
| Share capital  | 108,788           | 108,788           | 108,788           | 108,788           |
| Reserves   | 98,842            | 112,041           | 93,674            | 89,464            |
|  | 207,630           | 220,829           | 202,462           | 198,252           |
| Non-controlling interests  | 47,840            | 55,280            | -                 | -                 |
| <b>Total equity</b>  | <b>255,470</b>    | <b>276,109</b>    | <b>202,462</b>    | <b>198,252</b>    |

**Explanatory notes:**

- (a) The amounts arose from the adoption of SFRS(I) 16 *Leases* as of 1 January 2019.
- (b) The reduction in amounts were mainly due to share of losses and repayment during the year.
- (c) Other investments included the Company's investment in quoted corporate bond (\$0.3m) and a minority stake in an unquoted investment fund company (\$2.2m), which was incorporated in Luxembourg. The decrease in other investments was mainly due to maturity of corporate bonds during the year.

1(b)(ii) In relation to the aggregate amount of the Group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year

**Amount repayable in one year or less, or on demand**

| As at 31/12/2019 |           | As at 31/12/2018 |           |
|------------------|-----------|------------------|-----------|
| Secured          | Unsecured | Secured          | Unsecured |
| S\$'000          | S\$'000   | S\$'000          | S\$'000   |
| 8,713            | 799       | -                | 8,447     |

**Amount repayable after one year**

| As at 31/12/2019 |           | As at 31/12/2018 |           |
|------------------|-----------|------------------|-----------|
| Secured          | Unsecured | Secured          | Unsecured |
| S\$'000          | S\$'000   | S\$'000          | S\$'000   |
| 3,048            | 3,505     | -                | 4,067     |

**Details of any collateral**

The bank borrowing is secured by a subsidiary's 12,000 BHP vessel during the current year.

1(c) **A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

| Group  | 3 months ended |              | 12 months ended |                |
|--|----------------|--------------|-----------------|----------------|
|  | 31/12/19       | 31/12/18     | 31/12/19        | 31/12/18       |
|  | S\$'000        | S\$'000      | S\$'000         | S\$'000        |
| <b>Cash flows from operating activities:</b>                         |                |              |                 |                |
| (Loss) / profit before tax   | (7,386)        | (5,350)      | (16,920)        | 14,453         |
| Adjustments for:   |                |              |                 |                |
| Depreciation and amortisation  | 4,543          | 5,112        | 18,442          | 11,622         |
| Loss on disposal of property, plant and equipment                    | 1              | 18           | 424             | 18             |
| Inventories and contract assets (written back) / written down        | (55)           | 514          | (34)            | 538            |
| Allowance for doubtful debts   | 960            | 266          | 1,847           | 266            |
| Bargain purchase gain  | -              | 109          | -               | (24,709)       |
| Share of results of associates                                       | -              | 3,123        | 4,953           | 3,101          |
| Interest income  | (267)          | (117)        | (658)           | (522)          |
| Interest expenses  | 223            | 156          | 929             | 206            |
| Unrealised exchange loss / (gain)                                    | 718            | 1,070        | 437             | (218)          |
| <b>Operating cash flows before working capital changes</b>           | <b>(1,263)</b> | <b>4,901</b> | <b>9,420</b>    | <b>4,755</b>   |
| Decrease / (increase) in trade and other receivables                 | 1,658          | (3,100)      | 1,487           | (10,311)       |
| (Increase) / decrease in inventories & contract assets / liabilities | (389)          | 847          | (1,071)         | (1,586)        |
| (Decrease) / increase in trade payables and other liabilities        | (736)          | 222          | 4,914           | (2,253)        |
| <b>Net cash flows (used in) / from operations</b>                    | <b>(730)</b>   | <b>2,870</b> | <b>14,750</b>   | <b>(9,395)</b> |
| Interest received  | 277            | 116          | 652             | 566            |
| Interest paid  | (235)          | (156)        | (646)           | (206)          |
| Income tax paid  | (49)           | (21)         | (218)           | (295)          |
| <b>Net cash flows (used in) / from operating activities</b>          | <b>(737)</b>   | <b>2,809</b> | <b>14,538</b>   | <b>(9,330)</b> |

| Group   | 3 months ended      |                     | 12 months ended     |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 31/12/19<br>S\$'000 | 31/12/18<br>S\$'000 | 31/12/19<br>S\$'000 | 31/12/18<br>S\$'000 |
| <b>Cash flows from investing activities:</b>                  |                     |                     |                     |                     |
| Net cash outflow on acquisition of subsidiary                 | -                   | (41)                | -                   | (42,024)            |
| Purchase of other investments                                 | -                   | -                   | (166)               | (120)               |
| Maturity of other investments                                 | -                   | -                   | 790                 | 1,059               |
| Purchase of property, plant and equipment                     | (575)               | (3,045)             | (942)               | (8,822)             |
| Proceeds from disposal of property, plant and equipment       | -                   | -                   | 2,579               | -                   |
| Repayment from associates                                     | -                   | 593                 | 1,707               | 663                 |
| <b>Net cash flows (used in) / from investing activities</b>   | <b>(575)</b>        | <b>(2,493)</b>      | <b>3,968</b>        | <b>(49,244)</b>     |
| <b>Cash flows from financing activities:</b>                  |                     |                     |                     |                     |
| Repayment of borrowings                                       | (286)               | -                   | (754)               | -                   |
| Dividends paid on ordinary shares                             | -                   | -                   | (1,014)             | -                   |
| <b>Net cash flows used in financing activities</b>            | <b>(286)</b>        | <b>-</b>            | <b>(1,768)</b>      | <b>-</b>            |
| <b>Net (decrease) / increase in cash and cash equivalents</b> | <b>(1,598)</b>      | <b>316</b>          | <b>16,738</b>       | <b>(58,574)</b>     |
| Effect of exchange rate changes on cash and cash equivalents  | (1,162)             | (76)                | (436)               | 852                 |
| Cash and cash equivalents at beginning of period / year       | 47,982              | 28,680              | 28,920              | 86,642              |
| <b>Cash and cash equivalents at end of period / year</b>      | <b>45,222</b>       | <b>28,920</b>       | <b>45,222</b>       | <b>28,920</b>       |

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

| <b>Group</b>  | <b>Share capital</b> | <b>Capital reserve</b> | <b>Accumulated profits</b> | <b>Other reserves</b> | <b>Total reserves</b> | <b>Non-controlling interest</b> | <b>Total equity</b> |
|---|----------------------|------------------------|----------------------------|-----------------------|-----------------------|---------------------------------|---------------------|
|   | <b>S\$'000</b>       | <b>S\$'000</b>         | <b>S\$'000</b>             | <b>S\$'000</b>        | <b>S\$'000</b>        | <b>S\$'000</b>                  | <b>S\$'000</b>      |
| <b>Balance at 1/1/2019</b>                            | <b>108,788</b>       | <b>2,344</b>           | <b>109,007</b>             | <b>690</b>            | <b>112,041</b>        | <b>55,280</b>                   | <b>276,109</b>      |
| Loss for the period                                   | -                    | -                      | (1,772)                    | -                     | (1,772)               | (7,918)                         | (9,690)             |
| Other comprehensive income for the period             | -                    | -                      | -                          | 1,107                 | 1,107                 | 634                             | 1,741               |
| Dividends on ordinary shares                          | -                    | -                      | (1,014)                    | -                     | (1,014)               | -                               | (1,014)             |
| <b>Balance at 30/9/2019</b>                           | <b>108,788</b>       | <b>2,344</b>           | <b>106,221</b>             | <b>1,797</b>          | <b>110,362</b>        | <b>47,996</b>                   | <b>267,146</b>      |
| Loss for the period                                   | -                    | -                      | (7,620)                    | -                     | (7,620)               | (631)                           | (8,251)             |
| Other comprehensive income for the period             | -                    | -                      | -                          | (3,900)               | (3,900)               | 475                             | (3,425)             |
| <b>Balance at 31/12/2019</b>                          | <b>108,788</b>       | <b>2,344</b>           | <b>98,601</b>              | <b>(2,103)</b>        | <b>98,842</b>         | <b>47,840</b>                   | <b>255,470</b>      |
| <b>Balance at 1/1/2018</b>                            | <b>108,788</b>       | <b>2,344</b>           | <b>91,383</b>              | <b>(1)</b>            | <b>93,726</b>         | <b>-</b>                        | <b>202,514</b>      |
| Impact on adoption of new accounting policy SFRS(I) 9 | -                    | -                      | -                          | 734                   | 734                   | -                               | 734                 |
| Profit for the period                                 | -                    | -                      | 20,008                     | -                     | 20,008                | (161)                           | 19,847              |
| Other comprehensive income for the period             | -                    | -                      | -                          | (122)                 | (122)                 | (87)                            | (209)               |
| Due to acquisition of subsidiary                      | -                    | -                      | -                          | -                     | -                     | 58,866                          | 58,866              |
| <b>Balance at 30/9/2018</b>                           | <b>108,788</b>       | <b>2,344</b>           | <b>111,391</b>             | <b>611</b>            | <b>114,346</b>        | <b>58,618</b>                   | <b>281,752</b>      |
| Loss for the period                                   | -                    | -                      | (2,384)                    | -                     | (2,384)               | (3,148)                         | (5,532)             |
| Other comprehensive income for the period             | -                    | -                      | -                          | 79                    | 79                    | (190)                           | (111)               |
| <b>Balance at 31/12/2018</b>                          | <b>108,788</b>       | <b>2,344</b>           | <b>109,007</b>             | <b>690</b>            | <b>112,041</b>        | <b>55,280</b>                   | <b>276,109</b>      |

| Company   | Share capital<br>S\$'000 | Capital reserve<br>S\$'000 | Accumulated profits<br>S\$'000 | Other reserve<br>S\$'000 | Total reserves<br>S\$'000 | Total equity<br>S\$'000 |
|---|--------------------------|----------------------------|--------------------------------|--------------------------|---------------------------|-------------------------|
| <b>Balance at 1/1/2019</b>                            | <b>108,788</b>           | <b>2,344</b>               | <b>86,362</b>                  | <b>758</b>               | <b>89,464</b>             | <b>198,252</b>          |
| Loss for the period                                   | -                        | -                          | (1,175)                        | -                        | (1,175)                   | (1,175)                 |
| Other comprehensive income for the period             | -                        | -                          | -                              | 15                       | 15                        | 15                      |
| Dividends on ordinary shares                          | -                        | -                          | (1,014)                        | -                        | (1,014)                   | (1,014)                 |
| <b>Balance at 30/9/2019</b>                           | <b>108,788</b>           | <b>2,344</b>               | <b>84,173</b>                  | <b>773</b>               | <b>87,290</b>             | <b>196,078</b>          |
| Profit for the period                                 | -                        | -                          | 6,596                          | -                        | 6,596                     | 6,596                   |
| Other comprehensive income for the period             | -                        | -                          | -                              | (212)                    | (212)                     | (212)                   |
| <b>Balance at 31/12/2019</b>                          | <b>108,788</b>           | <b>2,344</b>               | <b>90,769</b>                  | <b>561</b>               | <b>93,674</b>             | <b>202,462</b>          |
| <b>Balance at 1/1/2018</b>                            | <b>108,788</b>           | <b>2,344</b>               | <b>90,296</b>                  | <b>(1)</b>               | <b>92,639</b>             | <b>201,427</b>          |
| Impact on adoption of new accounting policy SFRS(I) 9 | -                        | -                          | -                              | 734                      | 734                       | 734                     |
| Loss for the period                                   | -                        | -                          | (4,965)                        | -                        | (4,965)                   | (4,965)                 |
| Other comprehensive income for the period             | -                        | -                          | -                              | (16)                     | (16)                      | (16)                    |
| <b>Balance at 30/9/2018</b>                           | <b>108,788</b>           | <b>2,344</b>               | <b>85,331</b>                  | <b>717</b>               | <b>88,392</b>             | <b>197,180</b>          |
| Profit for the period                                 | -                        | -                          | 1,031                          | -                        | 1,031                     | 1,031                   |
| Other comprehensive income for the period             | -                        | -                          | -                              | 41                       | 41                        | 41                      |
| <b>Balance at 31/12/2018</b>                          | <b>108,788</b>           | <b>2,344</b>               | <b>86,362</b>                  | <b>758</b>               | <b>89,464</b>             | <b>198,252</b>          |

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediate preceding financial year.**

There was no change in the Company's share capital for the three months ended 31 December 2019.

The Company did not hold any treasury shares and there were no subsidiary holdings as at 31 December 2019 and 31 December 2018.

**1(d)(iii) To show the total number of issued shares excluding treasury shares and subsidiary holdings as at the end of the current financial period and as at the end of the immediately preceding year.**

As at 31 December 2019 and 31 December 2018, the Company's issued share capital excluding treasury shares and subsidiary holdings was \$108,788,054 comprising 202,877,948 ordinary shares.

**1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on**

Nil.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Nil.

**2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice**

The figures have not been audited or reviewed by the Company's auditor.

**3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of matter)**

Not applicable.

**3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: (a) updates on the efforts taken to resolve each outstanding audit issue; (b) confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the audited financial statements for the year ended 31 December 2018.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

The Group has adopted new Singapore Financial Reporting Standards (International) (SFRS(I)) for the financial period beginning 1 January 2019 as follows:

SFRS(I) 16 Leases

SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

SFRS(I) 16 has resulted in almost all leases being recognised in the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term leases and leases of low value assets. The accounting for lessor has not changed significantly.

Right-of-use assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.



The adoption of SFRS(I) 16 resulted in the recognition of right-of-use assets, lease liabilities and provision for restoration costs as at 1 January 2019.

**6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

|  | Group          |            | Group           |            |
|--|----------------|------------|-----------------|------------|
|  | 3 months ended |            | 12 months ended |            |
|  | 31/12/2019     | 31/12/2018 | 31/12/2019      | 31/12/2018 |
| (i) Basic earnings per share (in cents)    | (3.76)         | (1.17)     | (4.63)          | 8.69       |
| (ii) Diluted earnings per share (in cents) | (3.76)         | (1.17)     | (4.63)          | 8.69       |

Basic earnings per ordinary share for the current quarter and year ended 31 December 2019 and 31 December 2018 were calculated based on the weighted average number of ordinary shares in issue of 202,877,948.

**7. Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year**

|  | Group      |            | Company    |            |
|--|------------|------------|------------|------------|
|  | 31/12/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 |
| Net asset value per ordinary share based on issued share capital at the end of the period (in cents) | 102.3      | 108.8      | 99.8       | 97.7       |

Net asset value per ordinary share as at 31 December 2019 and 31 December 2018 was calculated based on the number of shares in issue of 202,877,948.

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

**Revenue**

Group revenue for the fourth quarter in 2019 ("4Q2019") declined by \$6.7 million to \$11.9 million as compared to the corresponding period in 2018 due to lower charter income. However, Group revenue for the year ended 31 December 2019 ("FY2019") increased to \$64.5 million from the corresponding period in 2018 following the acquisition and consolidation of CH Offshore Ltd ("CHO") from August 2018.

**Profitability**

The Group reported a gross loss of \$1.3 million and a net loss attributable to shareholders of the Company of \$7.6 million for the quarter, which was largely due to the lower revenue for 4Q2019.

Despite the increase in revenue reported in FY2019, the Group reported a net loss attributable to shareholders of the Company of \$9.4 million for the year as compared to a net profit attributable to shareholders of \$17.6 million for the corresponding period in 2018. This was mainly due to:

- A provisional bargain purchase gain of \$24.7 million recorded in 2018 following the acquisition of CHO;
- Higher administrative expenses due to the consolidation of CHO from end August 2018 and a provision for brokers' commission following the results of the arbitration proceedings brought by three ship brokers against CHO in 3Q2019; and
- Higher share of losses from associates, primarily contributed by loss on disposal of vessels by CHO's Indonesian associate.

### **Financial position and cash flow**

Group shareholders' fund decreased from \$220.8 million as at 31 December 2018 to \$207.6 million as at 31 December 2019, mainly due to net loss attributable to shareholders of the Company of \$9.4 million and the payment of dividend to shareholders of \$1.0 million.

For 4Q2019, the Group reported negative operating cash flows of \$0.7 million. However, FY2019 operating cash flows remained positive at \$14.5 million. The Group's cash and short-term deposits remained healthy at \$45.2 million as at 31 December 2019.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

None.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

Amidst slower economic growth stemming from the emergence of COVID-19, impacting industrial supply and demand, continued pressure on oil prices due to high inventory levels and other geopolitical tensions, the sector expectations remain uncertain and volatile.

Revenue for 2020 is expected to be in line or better than 2019, with the second half expected to perform better than the first half.

The Group remains steadfast and prudent in managing its operating expenditure to mitigate business risks.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend recommended for the current financial period reported on? Yes

The Directors are pleased to recommend a final cash dividend of 0.5 cent per share tax exempt one-tier (2018: 0.5 cent) in respect of the financial year ended 31 December 2019 for approval by shareholders at the next Annual General Meeting to be convened.

|                    |               |
|--------------------|---------------|
| Name of Dividend   | Final FY 2019 |
| Dividend type      | Cash          |
| Dividend per share | 0.5 cent      |
| Tax rate           | Tax exempt    |

***(b) Corresponding Period of the Immediately Preceding Financial Year***

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

***(c) Date payable***

To be announced at a later date.

***(d) Record date***

To be announced at a later date.

**12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision**

Not applicable.

**13. Interested Person Transactions**

The Company did not obtain a general mandate from shareholders for IPTs.

**14. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)**

The Company hereby confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1).

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

**15. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

**(a) Business segments**

The Group's operating segments are its strategic business units which are managed separately. The reportable segment presentation is based on the Group's management and internal reporting structure used for its strategic decision-making purposes.

The Group's activities comprised the following reportable segments:

- (i) Marine Offshore - essentially the Group's principal business activity in the manufacturing and provision of specialised marine offshore equipment and services for the oil and gas industry;
- (ii) Investments - includes the Group's quoted and unquoted investments, investment income and the gains on disposal of investments; and
- (iii) Corporate - consists of corporate services and treasury functions.

|   | Marine offshore |                 | Investments     |                 | Corporate       |                 | Adjustment and elimination |                 | Group Total     |                 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------------------|-----------------|-----------------|-----------------|
|   | 2019<br>S\$'000 | 2018<br>S\$'000 | 2019<br>S\$'000 | 2018<br>S\$'000 | 2019<br>S\$'000 | 2018<br>S\$'000 | 2019<br>S\$'000            | 2018<br>S\$'000 | 2019<br>S\$'000 | 2018<br>S\$'000 |
| <b>Revenue</b>  | 64,482          | 32,702          | -               | -               | -               | -               | -                          | -               | 64,482          | 32,702          |
| <b>Results</b>  |                 |                 |                 |                 |                 |                 |                            |                 |                 |                 |
| Depreciation & amortisation                                   | (18,439)        | (11,620)        | -               | -               | (3)             | (2)             | -                          | -               | (18,442)        | (11,622)        |
| Interest income   | 476             | 162             | 13              | 24              | 169             | 336             | -                          | -               | 658             | 522             |
| Interest expense  | (929)           | (206)           | -               | -               | -               | -               | -                          | -               | (929)           | (206)           |
| Bargain purchase gain   | -               | -               | -               | 24,709          | -               | -               | -                          | -               | -               | 24,709          |
| Inventories and contract assets written back / (written down) | 34              | (538)           | -               | -               | -               | -               | -                          | -               | 34              | (538)           |
| Share of results of associates                                | (4,953)         | (3,101)         | -               | -               | -               | -               | -                          | -               | (4,953)         | (3,101)         |
| <b>Segment results</b>  | <b>(14,412)</b> | <b>(7,891)</b>  | <b>3,081</b>    | <b>31,083</b>   | <b>5,471</b>    | <b>3,741</b>    | <b>(11,060)</b>            | <b>(12,480)</b> | <b>(16,920)</b> | <b>14,453</b>   |
| <b>Total assets</b>   | <b>268,302</b>  | <b>285,904</b>  | <b>50,467</b>   | <b>51,142</b>   | <b>25,049</b>   | <b>14,646</b>   | <b>(47,113)</b>            | <b>(47,113)</b> | <b>296,705</b>  | <b>304,579</b>  |
| <b>Total liabilities</b>                                      | <b>40,575</b>   | <b>27,806</b>   | <b>63</b>       | <b>63</b>       | <b>597</b>      | <b>601</b>      | <b>-</b>                   | <b>-</b>        | <b>41,235</b>   | <b>28,470</b>   |
| <b>Other segment information:</b>                             |                 |                 |                 |                 |                 |                 |                            |                 |                 |                 |
| Investment in associates                                      | -               | 4,979           | -               | -               | -               | -               | -                          | -               | -               | 4,979           |
| Purchase of other investments                                 | -               | -               | 166             | 120             | -               | -               | -                          | -               | 166             | 120             |
| Additions of non-current assets                               | 939             | 8,822           | -               | -               | 3               | -               | -                          | -               | 942             | 8,822           |

**(b) Geographical segments**

|  | Segment revenue |                 |
|--|-----------------|-----------------|
|  | 2019<br>S\$'000 | 2018<br>S\$'000 |
| Asia Pacific (excluding China and Singapore) | 49,699          | 26,953          |
| Africa                                       | 5,108           | 47              |
| Middle East                                  | 4,259           | 3,205           |
| Americas                                     | 2,960           | 839             |
| Singapore                                    | 1,622           | 969             |
| China  | 66              | 41              |
| Others                                       | 768             | 648             |
|  | <u>64,482</u>   | <u>32,702</u>   |

Segment revenue is based on the billing location of customers.

Except for the Group's investment in an available-for-sale investment of S\$2,173,000 at 31 December 2019 (2018: S\$2,220,000) which are located in Europe, all the assets and capital expenditure of the Group are located in Singapore and Asia Pacific.

**16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Refer to paragraphs 8 and 10 above.

**17. A breakdown of sales**

|  | GROUP           |                 |             |
|--|-----------------|-----------------|-------------|
|  | 2019<br>S\$'000 | 2018<br>S\$'000 | Change<br>% |
| Sales reported for first half year   | 37,220          | 4,199           | NM          |
| Sales reported for second half year  | 27,262          | 28,503          | -4          |
| Total sales  | <u>64,482</u>   | <u>32,702</u>   | +97         |
| Loss after tax before deducting non-controlling interests reported for first half year             | (2,234)         | (5,830)         | -62         |
| (Loss) / profit after tax before deducting non-controlling interests reported for second half year | <u>(15,707)</u> | <u>20,145</u>   | NM          |
| Total (loss) / profit / after tax before deducting non-controlling interests                       | <u>(17,941)</u> | <u>14,315</u>   | NM          |

**18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

|            | Latest Full Year<br>(S\$'000) | Previous Full Year<br>(S\$'000) |
|------------|-------------------------------|---------------------------------|
| Ordinary   | 1,014                         | 1,014                           |
| Preference | -                             | -                               |
| Total      | 1,014                         | 1,014                           |

**19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13)**

| Name           | Age | Family relationship with director and/or substantial shareholder   | Current position and duties, and the year the position was held   | Details of changes in duties and position held, if substantial, during the year   |
|----------------|-----|--|---|---|
| Jeanette Chang | 43  | Daughter of Dr Benety Chang and Dr Doris Heng Chin Ngor. Dr Benety Chang is an Executive Director and substantial shareholder of the Company. He is also the CEO of CH Offshore Ltd. ("CHO"), a subsidiary of the Company. Dr Doris Heng Chin Ngor is also a substantial shareholder of the Company. | Chief Executive Officer of the Company since 1 January 2019. Responsible for overall management of the Company and its subsidiaries.<br><br>Non-Executive Director of CHO since 27 August 2018. | Executive Director of the Company from 1 September 2013 to 31 December 2018, responsible for corporate administration and human resources.<br><br>Appointed as Non-Executive Director of CHO on 27 August 2018. |

**BY ORDER OF THE BOARD**

Lim Mee Fun  
Company Secretary  
27 February 2020