



CHAIRMAN'S SPEECH AT ANNUAL GENERAL MEETING, 13 NOVEMBER 2019

Dear Shareholders,

As mentioned in the Annual Report, post demerger of the medical technology sector, the Group is positioned to turn-around. Transformation of the offshore marine and oil and gas sector and the precision automation sector is on-going. Deep technologies are being developed and applied to value add to our offerings to the industry. These efforts have begun to bear fruits.

These are evident from the orders secured to-date. As at 31 October 2019, our outstanding confirmed orders in hand amounted to S\$95.2m compared with S\$34.0m at the same time last year. Of these orders, S\$82.0m are for the oil and gas segment and S\$5.6m for the precision automation segment. We are also pleased to advise that we have just achieved a significant break-through in being awarded our first order for alternative fuel technology for a marine vessel amounting to close to a million Singapore dollars as a pilot project of several vessels in the pipeline. This validates our new technology.

In precision automation, we are focused to develop and apply artificial intelligence in our applications. One of our investments has successfully developed this and has begun to be profitable. Components used for automation are these days manufactured with smart features. We have developed capabilities to integrate these into our automation systems for customers to increase our value proposition and choice of offerings.

While your board believes that the Group has achieved its turn-around, confirmed orders in hand, are required to be treated in line with new revenue recognition accounting standards and be reflected accordingly.

The on-going global trade war between the major powers has gone beyond economics and is strongly underpinned by political factors. Uncertainties appear to enter a period of prolongation giving rise to volatility with no near-term solution at sight. Most of our customers are impacted.

The Group's gear ratio has always been kept low. It will be the intention of the Board to maintain it this way. The situation will enable the Group to navigate this difficult time and to take advantage of opportunities as they arise.

I am pleased that in line with succession management policy, board renewal is being carried out in this AGM so as to have in place a board whose members have the relevant experiences going forward.

The Board and I would like to thank shareholders for their support and the management and employees for their diligence and dedicated contribution. Together we look forward to a better year ahead and a return to dividend payment in the near future.

A handwritten signature in black ink, appearing to be 'G L Sim', with a stylized, cursive-like flourish.

G L Sim

Chairman.

13 Nov 2019.