

CONTENTS

1	Corporate Profile	22	Corporate Information
2	Business Segments	23	Report of Corporate Governance
4	Letter to Shareholders	55	Directors' Statement
8	致股东的信函	60	Independent Auditor's Report
10	Corporate Structure	65	Consolidated Financial Statements
12	Group Financial Highlights	152	Statistics of Shareholdings
14	Performance Review	154	Notice of Annual General Meeting
18	Board of Directors		Proxy Form
21	Key Management		

CORE VALUES

CUSTOMER FOCUSED

We strive to customise effective and efficient solutions and services to meet the evolving needs of our customers.

PEOPLE

We value and develop personnel who are passionate and committed in growing our businesses with us.

INTEGRITY

We value honesty and trustworthiness, and deliver on our promises.

TEAM WORK

We practice open communication with trust and respect, and we work as a team to achieve our corporate goals.

SAFETY MATTERS

We take priority and responsibility in ensuring workplace safety.

OUR VISION

We strive to become one of the largest integrated warehousing and logistics solution providers in Singapore.

OUR MISSION

We are committed to deliver effective solutions and services for our customers and generate value for our shareholders.



CORPORATE PROFILE

GKE Corporation Limited 锦佳集团 (“**GKE**” and together with its subsidiaries, the “**Group**”) is a leading integrated warehousing and logistics solutions provider offering one-stop, end-to-end multi-modal supply chain management solutions and services, with strategic investments in infrastructural materials and services business in China and agriculture business in Singapore. The business activities of the Group are classified into two broad categories: (i) warehousing & logistics, and (ii) strategic investments.

The Group’s facilities host one of the best material handling equipment, with the most up-to-date safety and security features. It leverages information technology to increase order visibility, maximise operational efficiency, effective inventory management, and reduce overall supply chain costs for its customers.

The Group provides total integrated and comprehensive warehousing and logistics solutions and services that include general cargo storage, dangerous cargo storage (Class 2, 3, 4, 5.1, 6.1, 8 and 9), bonded and license warehousing services, conventional transportation, container trucking, project logistics, international multi-modal sea and air freight forwarding services, marine logistics and chemical warehousing with ancillary services. The Group has also established its support services at Singapore’s port operations to further enhance the logistics value chain.

This Annual Report has been prepared by GKE Corporation Limited (“**Company**”) and its contents have been reviewed by the Company’s sponsor, RHT Capital Pte. Ltd. (“**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

This Annual Report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Annual Report, including the correctness of any of the statements or opinions made or reports contained in this Annual Report.

The contact person for the Sponsor is Mr. Lay Shi Wei – Registered Professional, 6 Raffles Quay, #24-02 Singapore 048580, sponsor@rhtgoc.com.

The Group’s strategic investments, initially focusing on infrastructural materials and services business in China have diversified to include the agriculture business, specifically indoor cultivation of vegetables in Singapore, in early 2021. The strategic investments under infrastructural materials and services are broadened through its wholly-owned subsidiary, Wuzhou Xing Jian Readymix Co., Ltd. (梧州市星建混凝土有限公司) (“**Wuzhou Xing Jian**”), which is primarily engaged in the manufacturing and supplying of ready-mix concrete products to the infrastructural development and construction sector in Wuzhou City since June 2016. The ongoing urbanisation plans in China spurred the Group to expand its automated ready-mix concrete manufacturing business to Cenxi City. Through Wuzhou Xing Jian, the Group extended its operations to (i) a construction material waste recycling in Cenxi City, and (ii) mining and production of limestone products in Cangwu County, where Wuzhou Xing Jian holds the mining rights to a limestone mine.

GKE is listed on the Catalist Board of Singapore Exchange Securities Trading Limited under stock code 595 since 2003.



BUSINESS SEGMENTS

The business activities of GKE group of companies can be classified into two broad categories: (i) warehousing & logistics, and (ii) strategic investments. Strategic investments are focused on (i) infrastructural materials & services, and (ii) agriculture.

WAREHOUSING & LOGISTICS

The Group operates the warehousing and logistics business under the brand name of “GKE”, providing a total integrated and comprehensive logistics supply chain solutions & services and port management & stevedoring services through its subsidiaries:

GKE Warehousing & Logistics Pte Ltd provides end-to-end logistics solutions and services to its customers spanning across consumer products, manufacturing, electronics, pharmaceutical, chemicals and retail industries. Services include receiving cargoes at destinations, providing storage and inventory management at Group’s warehouses, and arranging for delivery to designated recipients in Singapore and around the world.

GKE Express Logistics Pte Ltd offers heavy haulage and handling services, out-of-gauge transportation services, and specialises in project logistics management services. It manages and operates a fleet of vehicles including prime movers and trailers.

GKE Freight Pte Ltd has a committed and responsive team that leverages its multi-modal transportation capabilities via sea, air and land, and leverages on its network of overseas agents, to coordinate and satisfy the freight forwarding requirements of customers.

Marquis Services Pte Ltd is a specialty chemicals storage and management specialist, capable of handling and storage of dangerous goods such as chemical products and flammable materials. It is also involved in industrial coating blending services and marine supplies support services.

GKE Services Pte Ltd provides port management and stevedoring services, and cleaning services at Singapore’s seaport and at the airport, respectively.

Fair Chem Industries Pte Ltd is a specialty chemicals warehouse operator with toll blending and specialty chemical manufacturing capabilities in Singapore.

STRATEGIC INVESTMENTS

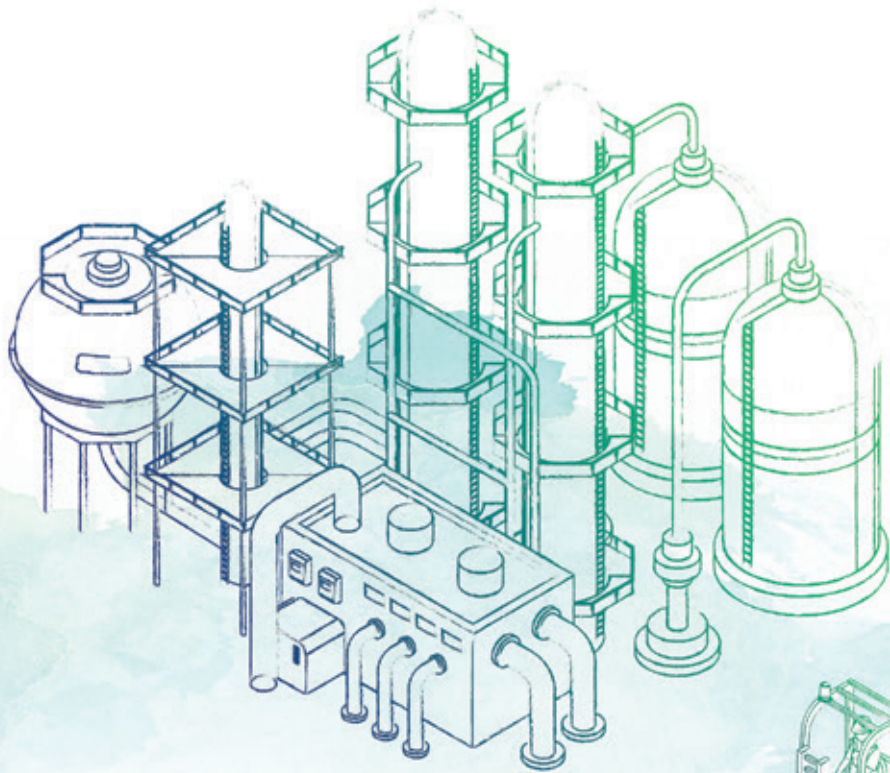
I. Infrastructural Materials & Services

The Group established Wuzhou Xing Jian Readymix Co., Ltd. 梧州市星建混凝土有限公司 (“**Wuzhou Xing Jian**”) in 2013, which is primarily engaged in the manufacturing and supply of environmentally-friendly ready-mix concrete. The automated ready-mix concrete manufacturing plant commenced commercial production in June 2016.

Through Wuzhou Xing Jian, the Group broadened its investments to include another wholly-owned automated ready-mix concrete manufacturing plant, Cenxi Xing Jian Readymix Co., Ltd 岑溪市星建混凝土有限公司, and a 24% stake investment in a construction material waste recycling plant, Cenxi Haoyi Recycling Co., Ltd 岑溪市好易再生资源有限公司, in Cenxi City, China, as well as an 18% stake in Wuzhou Zi Wang Quarry Co., Ltd 梧州市梓旺石业有限公司 in Cangwu County.

II. Agriculture

The Group established **GKE** Agritech Pte Ltd to foray into the agriculture segment, specifically indoor farming for vegetables and development of agri-tech solutions. It adopts the controlled-environment agriculture approach, where automation and sensors are deployed to provide protection and maintain optimal growing conditions throughout the development of the crop.



Towards a Brighter Future with Strength and Tenacity



FY2022 saw the Group demonstrate resilience against the prolonged and lingering impact of the pandemic, reinforcing its fundamentals and broadening its operations for longer-term prospects.



LETTER TO SHAREHOLDERS



MR. CHEN YONG HUA

*Executive Chairman and
Executive Director*



MR. NEO CHEOW HUI

*Chief Executive Officer and
Executive Director*

DEAR SHAREHOLDERS,

The financial year ended 31 May 2022 (“FY2022”) saw GKE demonstrate resilience against the prolonged and lingering impact of the Covid-19 pandemic, as we achieved a set of satisfactory results.

Despite the unexpected turmoil in the real estate sector in China and the resurgence of new Covid-19 variants and sub-variants resulting in lockdowns of cities as the country persists with its “zero-Covid” policy that weighed on our operations and performance of the Group’s infrastructural materials & services division in China, our core warehousing & logistics division in Singapore levelled up the Group’s overall performance in FY2022.

Our efforts in elevating our operations under the warehousing & logistics division towards higher value solutions and services, through reinforcing our fundamentals and broadening our operations to include handling and storage of dangerous goods (“DG”) and pharmaceutical products, took time to bear results. The Group reported an 11.9% year-on-year decline in revenue from S\$119.0 million in FY2021 to S\$104.8 million in FY2022, on lower contribution from the infrastructural materials & services division, which was partially buffered by higher contribution from the warehousing & logistics division and the agriculture business. With effective cost management strategies, which include the lease renewal for our 30 Pioneer Road warehouse cum office property, we managed to cushion the decline in gross profit at 8.4% year-on-year, to S\$26.3 million in FY2022. Correspondingly, our composite gross margin rose marginally from 24.1% in FY2021 to 25.1% in FY2022.

Notwithstanding higher operating expenses and finance costs, the decline in net profit attributable to shareholders from S\$11.5 million in FY2021 to S\$4.7 million in FY2022 was mainly undermined by the absence of a gain in the disposal of subsidiaries of approximately S\$2.5 million and government support schemes recorded in FY2021.



PRIMED FOR THE NEXT LEVEL OF GROWTH

As countries move progressively from the pandemic phase to an endemic phase amidst the geopolitical uncertainties, we are optimistic about our longer-term prospects in both our warehousing & logistics division in Singapore, and our infrastructural materials & services division in China. Nevertheless, we remain mindful of the inflationary pressure and rising interest costs that could affect our operations, and we are motivated to emerge stronger with our employees, customers, and business partners in a sustainable manner.

Under the Group's primary business in warehousing & logistics, we embarked on the initiative to improve the yield on our limited storage capacity which has achieved optimal occupancy.

We converted two of our container yards into DG yards to cater to the rising demand for DG storage of ISO tanks and hazardous gases. This conversion has resulted in yield improvement for the open yards and thereby, raising our operating margin. Early this year, the Group has also seized the opportunity to acquire Fair Chem Industries Pte Ltd ("FCI"), an established specialty chemicals warehouse operator with toll blending and specialty chemical manufacturing capabilities in Singapore. We believe the acquisition of FCI is synergistic to the Group's growing capabilities in the niche areas of the chemicals sector. Our conscientious efforts in integrating and advancing our conventional warehousing & logistics capabilities across diverse sectors, enables the Group to broaden our earnings base sustainably.

LETTER TO SHAREHOLDERS



Construction waste material recycling facility and Cenxi Xing Jian ready-mix concrete manufacturing facility

While the Group's infrastructural materials & services division in China continues to grapple with strict adherence to the Chinese government's "zero-Covid" policy, we believe the urbanisation trend in China remains intact. The slowdown in the business activities in China is temporary and we continue to be vigilant in our preparations to ride on the positive long-term prospects.

We have since completed our ready-mix concrete ("RMC") production capacity expansion plan in Cenxi City, and submitted the application and RMC product samples for product quality grading and certification. Upon obtaining the Construction Enterprise Qualification certificate from the Ministry of Housing and Urban-Rural Development of China, our wholly-owned subsidiary, Cenxi Xing Jian Readymix Co., Ltd, will be able to sell its RMC products commercially in the vicinity of Cenxi City. The Group's 24%-owned construction waste materials recycling plant under Cenxi Haoyi Recycling Co., Ltd has also commenced commercial production and contributed a gain of S\$200,000 in FY2022.

The limestone mining and production in Cangwu County, where the Group holds an 18% stake in Wuzhou Zi Wang Quarry Co., Ltd is expected to commence commercial production in FY2023.

Under the Group's strategic investments, our foray into agriculture business in FY2021 through the conversion of office space into indoor vegetables cultivation area, saw gradual progress. We have increased (i) the cultivation area from approximately 2,400 square feet to 3,600 square feet, (ii) the types of vegetables produced from one to four varieties, and (iii) the distribution channels comprising supermarkets and traditional wet markets. We are also looking to expand the cultivation area and install solar panels on the building's rooftop in a bid to reduce electricity costs and enhance the sustainability of this new business.

Amidst the pandemic and geopolitical uncertainties, we have not only strengthened our existing operations but have also paved the path for our next level of growth.



DIVIDEND

The Board has proposed a first and final (tax exempted) dividend of 0.20 Singapore cents per share, amounting to approximately 33.0% of net profit of the Group for FY2022, as an appreciation to our supportive shareholders. The dividend payment is subject to shareholders' approval at the upcoming Annual General Meeting to be held on 29 September 2022.

ACKNOWLEDGMENTS AND APPRECIATION

We are appreciative of our fellow Board Directors for their invaluable advice and guidance over the past year.

On behalf of the Board, we would like to extend our gratitude to all members of the Group for their commitment and resilience in contributing their efforts to deliver value to our stakeholders amid the pandemic. Our heartfelt appreciation also goes to our customers, bankers, and business partners, for your support and confidence in GKE.

We would also like to convey our warmest gratitude to our shareholders for your confidence in us. The Group remains committed to maximise the potential in our business divisions and further enhance the values in them. We look forward to your continued support to be a part of the Group's growth journey.

CHEN YONG HUA

陈永华

Executive Chairman and Executive Director

NEO CHEOW HUI

梁昭辉 (鹏飞)

Chief Executive Officer and Executive Director

致股东的信函

诸位股东：

在截至2022年5月31日的财政年（简称“2022财年”），**锦佳集团**（以下简称“**集团**”）在取得一系列令人满意的成果后，展示了抵御2019新型冠状病毒病大流行的长期和持续影响的韧性。

尽管中国房地产行业出现了意想不到的动荡，以及新型冠状病毒新变体和变异毒株的肆虐，而中国坚持其动态“清零”政策，导致封城，影响了集团在中国基建材料与服务板块的运营和绩效。但我们在新加坡的核心仓储与物流业务在2022财年取得较好的业绩，从而提升了集团的整体表现。

我们通过加强基本面和扩大运营范围，努力将我们在仓储与物流的运营提升到更高价值的解决方案和服务。这运营提升包括危险品和药剂品的处理和存储服务，花了相当长的时间来交付成果。集团的收入同比下降了11.9%，从2021财年的1.19亿新元降至2022财年的1.05亿新元，原因是基建材料与服务的贡献较低，部分受到仓储与物流以及农业技术业务较高贡献的缓冲。凭借有效的成本管理策略，包括续租位于新加坡先锋路30号的货仓兼办公物业，我们得以在2022财年缓冲毛利同比下降8.4%至2,630万新元。相应地，我们的综合毛利率从2021财年的24.1%小幅上升至2022财年的25.1%。

尽管运营费用和财务成本有所增加，但归属股东净利从2021财年的1,150万新元下降至2022财年的470万新元，主要是在2021财年记录了剥离子公司所获约250万新元收益和政府支援计划。

蓄势待发攀高峰

在地缘政治不确定的情况下，随着各国逐渐从大流行病阶段进入地方流行病阶段，我们对新加坡仓储与物流以及中国基建材料与服务的长期前景持乐观态度。尽管如此，我们仍然关注可能影响我们运营的通胀压力和不断上升的利息成本保持警惕，并奋力地以可持续的方式与我们的员工、客户和业务合作伙伴一起变得更强大。

在集团核心仓储与物流的业务板块，我们主动采取了提高有限存储容量的收率，从而实现了最佳占用率。我们也将两个集装箱存储堆场改造成危险品存储堆场，以满足对ISO储罐和危险气体、危险品存储日益增长的需求。这转换改善了露天存储堆场的收益率，从而提升了我们的营业利润率。今年年初，集团亦抓住机会收购了Fair Chem Industries Pte Ltd（“**FCI**”），一家在新加坡经营良好、拥有加工生产特种化学品制造能力，以及特种化学品仓储的运营商。我们认为，收购FCI与集团在化工领域的利基领域不断增长的能力具有协同效应。我们有意识地整合和提升我们在各个领域的传统仓储与物流的能力，延申集团可持续的方式扩大我们的收益基础。

尽管集团在中国基建材料与服务的运营得继续严格遵守中国政府的动态“清零”政策，但我们相信中国的城市化趋势仍然指日可待。中国商业活动的放缓是暂时的，我们将继续保持警惕，同时积极为长期前景做好最佳准备。

在2022财年，我们完成了在广西岑溪市的预拌混凝土厂**岑溪市星建混凝土有限公司**（简称“岑溪星建”）的发展工程，并提交了产品质量分级和认证的申请和预拌混凝土产品样品。在获得中华人民共和国住房和城乡建设部颁发的建筑业企业资质证书后，岑溪星建将在岑溪市销售其预拌混凝土产品。集团旗下持有24%股权的建筑废料回收厂**岑溪市好易再生资源有限公司**已开始运营、处理建筑废料，并于2022财年贡献了20万新元的收益。位于苍梧县的石灰石矿业，集团持有18%股权的**梧州市梓旺石业有限公司**已完成基础设施的建设，预计将于2023财年开始开采、生产石灰石产品。

我们在2021财年通过将办公空间转变为室内蔬菜种植区的战略投资，进军农业科技业务，取得了逐步进展。我们已将（一）室内种植面积由约2,400平方呎增至3,600平方呎，（二）从生产一种蔬菜增加到四种蔬菜种类，以及（三）加强了分销渠道，包括超级市场及传统菜市场。我们还希望扩大种植面积，并在建筑物的屋顶上安装太阳能板，以降低能源成本并提高这项新业务的可持续性。

在大流行病和地缘政治的不确定性中，我们不仅加强了现有的业务，还为即将到来的增长前景做好了准备，蓄势待发。

股息

董事会建议2022财年派发财年派发每普通股0.002新元的终期（免税）股息，约占集团2022财年净利润的33.0%，答谢股东对集团的支持。股息的派发将在2022年9月29日举行的常年大会上征求股东的批准。

致谢

我们非常感谢各位董事在过去一年慷慨地给予宝贵建议和指导。

我们谨代表董事会向集团所有成员表示感谢，感谢他们的承诺和坚韧不拔的精神，在大流行病期间为利益相关者创造价值所做的努力与贡献。我们也衷心感谢我们的客户、银行家和业务合作伙伴，感谢您对锦佳集团的支持和信任。

我们亦谨向股东致以最热烈的谢意，感谢你们对锦佳集团的信任。我们仍致力于最大限度地发挥各业务板块的潜力，并进一步提升其价值。我们期待您的持续支持，成为锦佳集团成长历程的一份子。

陈永华

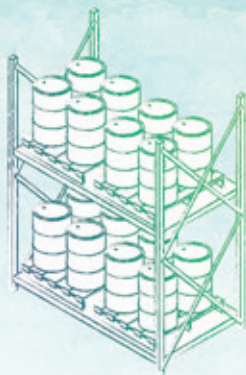
执行主席及执行董事

梁昭辉（鹏飞）

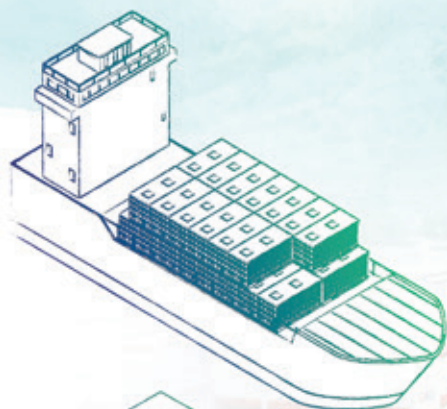
执行总裁及执行董事

CORPORATE STRUCTURE





Reinforcing Fundamentals Broadening Capabilities



The Group is motivated and committed to emerge stronger together with its employees, customers, and business partners in a sustainable manner.

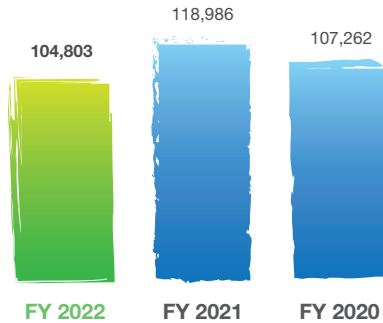
A background image of a large, modern multi-story office building. The building has a grid-like facade with many windows. On the left side of the building, the letters 'GKE' are displayed vertically in large, colorful letters (G in orange, K in purple, E in blue).

G
K
E

GROUP FINANCIAL HIGHLIGHTS

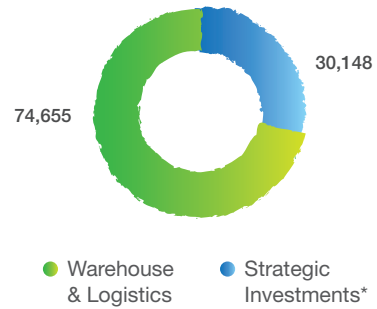
REVENUE

(S\$'000)



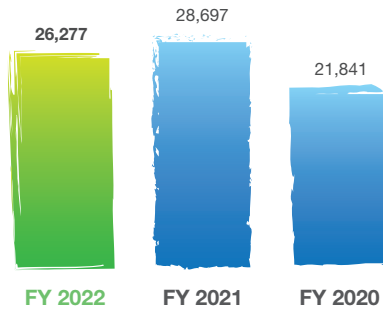
REVENUE BY BUSINESS SEGMENT - FY2022

(S\$'000)



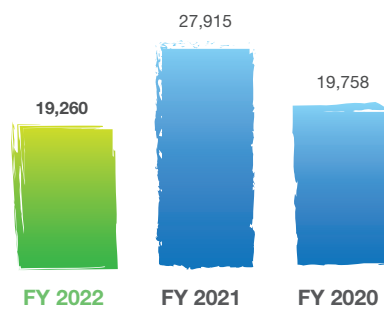
GROSS PROFIT

(S\$'000)



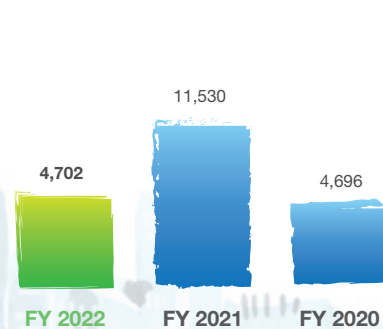
EBITDA

(S\$'000)



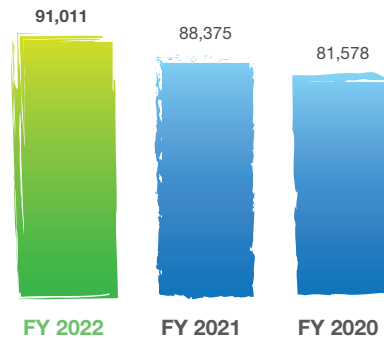
PATMI

(S\$'000)



NET ASSETS VALUE

(S\$'000)



* Strategic Investments include (i) Infrastructural Materials & Services and (ii) Agriculture.

Financial Year Ended 31 May	2022	2021	2020
FOR THE FINANCIAL YEAR (S\$'000)			
Revenue	104,803	118,986	107,262
Profit			
EBITDA	19,260	27,915	19,758
Before tax	8,524	17,158	8,424
After tax	4,702	11,874	4,824
After tax and minority interests	4,702	11,530	4,696
PER SHARE			
Earnings			
After tax and minority interest (Singapore cents)	0.61	1.49	0.61
Weighted average number of issued shares (thousand)	775,124	776,340	773,928
Number of issued shares as at 31 May (thousand)	794,700	794,700	794,700
AT YEAR-END (S\$'000)			
Net assets	91,011	88,375	81,578
Net tangible assets	83,203	81,315	70,908
Shareholders' funds	91,011	88,375	76,760
Minority interests	-	-	4,818
Capital employed	169,742	169,426	153,188
Bank borrowings	63,037	62,839	64,912
Debt-to-equity ratio	69.3%	71.1%	79.6%
RETURN ON SHAREHOLDERS' FUNDS			
Profit before tax	9.4%	19.4%	11.0%
Profit after tax and minority interest	5.2%	13.0%	6.1%
SHAREHOLDERS' VALUE			
Share price as at last trading day in May (S\$)	0.102	0.132	0.063
Dividend per share (Singapore cents)	0.20	0.40	-

Note:

EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortisation

Capital employed – Total Assets Less Current Liabilities

PERFORMANCE REVIEW

The protracted Covid-19 pandemic continued to undermine the Group's performance in the financial year ended 31 May 2022 ("FY2022"). While the Group experienced stronger growth in its Singapore operations which includes its core warehousing & logistics division and agriculture business, the resurgence of new Covid-19 variants and sub-variants resulting in lockdowns and heightened precautionary measures in China affected its operations there.

In the year under review, the warehousing & logistics division pressed on with its efforts in advancing its operations towards higher value-adding solutions and services, reinforcing its fundamentals and broadening its operations into higher margin solutions and services which include handling and storage of DG and pharmaceutical products. This spurred the Group to achieve optimal occupancy for all its warehouses and an increase in transportation and handling services. The financial performance of the warehousing & logistics division in FY2022 was also lifted from cost savings that arose from the lease renewal for its 30 Pioneer Road warehouse cum office property that commenced on 15 April 2021 for another five years.

Having built its dangerous cargo storage capabilities (Class 2, 3, 4, 5.1, 6.1, 8 and 9) and industrial coating blending services over the last few years, the Group seized the opportunity to acquire FCI, an established specialty chemicals warehouse operator with toll blending and specialty chemical manufacturing capabilities in Singapore for S\$12.5 million. FCI is accredited with ISO 9001:2015 Quality Management Systems and ISO 14001:2015 Environmental Management System for its toll blending and contract manufacturing services of chemicals. The acquisition, completed on 28 January 2022, will further enhance and expand the Group's capabilities in the chemicals sector.

During FY2022, the Group had also taken the initiative to convert two container yards located at 39 Benoi Road and 6 Pioneer Walk into DG yards to cater for the rising demand for DG storage of ISO tanks and hazardous gases. Both DG yards and FCI are expected to contribute positively to the Group's financial performance from the financial year ending 31 May 2023 ("FY2023").

The Group's foray into agriculture business ("GKE Agri-tech") in FY2021 through the conversion of office space into indoor vegetables cultivation area, saw gradual progress. During FY2022, it has increased (i) the cultivation area from approximately 2,400 square feet to 3,600 square feet, (ii) the types of vegetables produced from one to four varieties, and (iii) the distribution channels comprising supermarkets and traditional wet markets. The Group, with the grant receivable from the Singapore government agency, looks to further expand the cultivation area and install solar panels to the building's roof top in a bid to reduce electricity costs.

While the urbanisation trend in China remains intact, the upheaval in the real estate sector affected by over-leveraged property developers and strict adherence to the Chinese government's "zero-Covid" policy, had adversely impacted the operations and performance of the Group's infrastructural materials and services division in China in FY2022.

Notwithstanding challenges faced, the Group's strategic investment in infrastructural materials and services in China continued to register healthy revenue and earnings in FY2022. The Group is well placed to ramp up production at its automated RMC manufacturing facilities in Guangxi, China when situation improves. Wuzhou Xing Jian Readymix Co., Ltd. 梧州市星建混凝土有限公司 ("Wuzhou Xing Jian"), the Group's first automated RMC manufacturing facility in Wuzhou City, China, has an installed production capacity of 1.2 million m³ per annum, while the newly developed automated RMC manufacturing facility in Cenxi City, Cenxi Xing Jian Readymix Co., Ltd. 岑溪星建混凝土有限公司 ("Cenxi Xing Jian"), has an installed production capacity of 400,000m³ per annum.

During FY2022, Cenxi Xing Jian submitted their application and RMC product samples to the relevant authorities for product quality grading and certification. Upon obtaining the Construction Enterprise Qualification certificate from the Ministry of Housing and Urban-Rural Development of China, Cenxi Xing Jian will be able to sell their RMC products commercially.



The Group's associated establishments also made marked progress, (i) the 24%-owned construction waste materials recycling plant under Cenxi Haoyi Recycling Co., Ltd 岑溪好易再生资源有限公司 (“**Cenxi Haoyi**”) commenced commercial production and contributed maiden profit to the Group in FY2022, and (ii) the 18% stake in Wuzhou Zi Wang Quarry Co., Ltd 梧州市梓旺石业有限公司 that involves limestone mining and production in Cangwu County, is expected to commence commercial production in FY2023.

The Group remains mindful of the rising inflationary pressure on its operations as it continues to strive to minimise risk and adverse impact amid the resurgence of Covid-19 variants and sub-variants, as well as geopolitical uncertainties.

In the financial year under review, the Group experienced stronger growth in its Singapore operations which includes its core warehousing & logistics segment and agriculture business, and buffered the significantly lower revenue from its infrastructural materials & services division in China. The Group's revenue decreased by 11.9% year-on-year from S\$119.0 million in FY2021 to S\$104.8 million in FY2022. The breakdown as summarized in the table below:

	FY2022 (S\$'000)	FY2021 (S\$'000)	Year-on-year Change
Warehousing & Logistics	74,655	66,149	+ 12.9%
Strategic Investments:			
Infrastructural materials & services	29,920	52,817	- 43.4%
Agriculture (indoor vegetable farm)	228	20	N.M.
Strategic Investments:	104,803	118,986	- 11.9%

N.M. denotes Not Meaningful

Cost of sales decreased by 13.0% year-on-year from S\$90.3 million in FY2021 to S\$78.5 million in FY2022. Gross profit decreased by 8.4% year-on-year from S\$28.7 million in FY2021 to S\$26.3 million in FY2022 in tandem with lower revenue contribution from the infrastructural materials and services segment in China, but was lifted by higher gross margin from the warehousing and logistics segment on the back of higher utilisation of warehousing space, as well as the increase in transportation and cargo handling services. Correspondingly, gross margin rose marginally from 24.1% in FY2021 to 25.1% in FY2022.

Other income arising from interest income, government grants, and gain on disposal of fixed assets, decreased by 70.8% year-on-year from S\$7.3 million in FY2021 to S\$2.1 million in FY2022. The decrease was mainly due to the absence of a gain on disposal of subsidiaries of approximately S\$2.5 million and the government support schemes recorded in FY2021.

PERFORMANCE REVIEW

Operating expenses comprising marketing and distribution costs and administrative expenses, increased by 6.9% year-on-year from S\$16.2 million in FY2021 to S\$17.3 million in FY2022. The increase was mainly due to higher staff costs, legal and professional fee, increase in amortisation of intangible assets by S\$67,000 and increase in provision for impairment of financial assets by S\$178,000, which was partially offset by lower marketing and distribution expenses incurred by the infrastructural materials and services segment in China.

Finance costs increased by 2.5% year-on-year from S\$2.8 million in FY2021 to S\$2.9 million in FY2022 due mainly to the increase in bank loans for the acquisition of the wholly-owned subsidiary, FCI.

Other credit of S\$84,000 in FY2022 was mainly due to the net foreign exchange gain, a decline from S\$0.2 million in FY2021.

The share of profit from associates saw the 24% owned construction waste materials recycling plant, Cenxi Haoyi Recycling Co., Ltd in China, contributed a gain of S\$200,000 in FY2022, a reversal from a loss of S\$90,000 that stemmed from start-up costs in FY2021.

Taking into account the aforementioned and the decrease in tax expense from S\$5.3 million in FY2021 to S\$3.8 million in FY2022, the Group registered a decline in net profit attributable to shareholders from S\$11.5 million in FY2021 to S\$4.7 million in FY2022.

FINANCIAL POSITION

The balance sheet of the Group remained sound as at 31 May 2022. The Group's equity attributable to owners of the Company increased from S\$88.4 million as at 31 May 2021 to S\$91.0 million as at 31 May 2022. The increase was mainly due to the net profit generated for the financial year. Net asset value per share strengthened from 11.40 Singapore cents as at 31 May 2021 to 11.74 Singapore cents as at 31 May 2022, based on the share capital of 775.1 million shares.

Non-current assets increased by approximately S\$9.9 million or 7.6% from S\$130.4 million as at 31 May 2021 to S\$140.4 million as at 31 May 2022. The increase was mainly due to the addition of property, plant and equipment ("PPE") arising from the acquisition of FCI, which was partially offset by the depreciation of PPE and amortisation of intangible assets.

Current assets decreased by approximately S\$9.0 million or 11.1% from S\$81.7 million as at 31 May 2021 to S\$72.6 million as at 31 May 2021. The decrease was mainly due to (i) lower trade receivables of approximately S\$5.9 million, and (ii) the decrease in cash and cash equivalents from S\$30.9 million as at 31 May 2021 to S\$27.1 million as at 31 May 2022.

Non-current liabilities decreased by approximately S\$2.3 million or 2.9% from S\$81.1 million as at 31 May 2021 to S\$78.7 million as at 31 May 2022. The decrease was mainly due to (i) the reduction in lease liabilities, and (ii) the repayment of bank loans, which was partially offset by the increase in deferred tax liabilities.

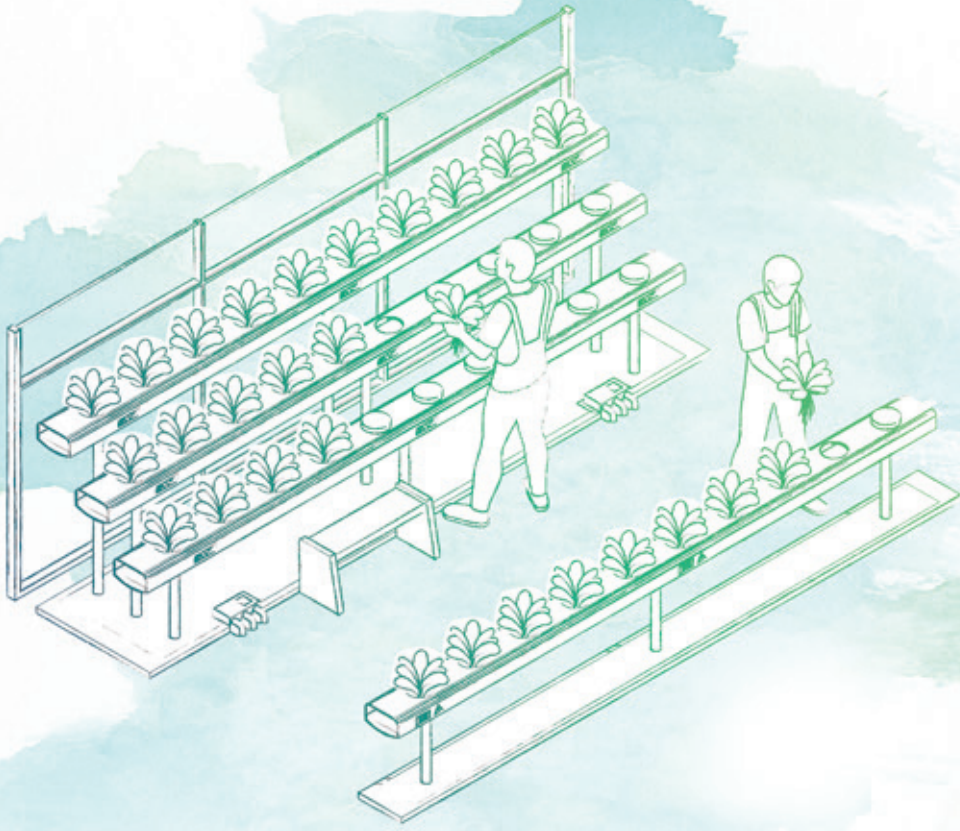
Current liabilities increased by approximately S\$0.6 million or 1.4% from S\$42.6 million as at 31 May 2021 to S\$43.2 million as at 31 May 2022. This was mainly due to the increase in (i) bank loans, (ii) lease liabilities, and (iii) tax payable, which was partially offset by (i) the reduction in trade and other payables, and (ii) changes in mark to market value for derivative financial instrument.

CASH FLOWS

The Group generated approximately S\$26.0 million in net cash from operating activities in FY2022, which was comparatively stable with S\$25.2 million in FY2021. This mainly stemmed from positive operating cash flows before changes in working capital of S\$26.3 million, adjusted by an increase in net working capital of S\$2.2 million, as well as interest received and income tax paid of S\$16,000 and S\$2.5 million, respectively.

Net cash used in investing activities was S\$17.8 million in FY2022. The cash outflow was mainly due to (i) the acquisition of wholly-owned subsidiary, FCI, of approximately S\$12.1 million and (ii) the purchase of property, plant and equipment of approximately S\$5.9 million.

Net cash used in financing activities amounted to S\$10.5 million in FY2022, down from S\$15.8 million in FY2021. This was mainly due to the proceeds from bank loans of S\$9.7 million, which was offset by (i) repayment of principal portion of lease liabilities amounting to S\$6.2 million, and (ii) repayment of loans and interest expenses of S\$12.3 million.



Conscientious Efforts Awaiting Breakthrough

The Group has not only strengthened its existing operations, but have also paved the path for the next level of growth.



BOARD OF DIRECTORS



MR. CHEN YONG HUA

Executive Chairman and Executive Director

Mr. Chen Yong Hua was appointed as Executive Chairman and Executive Director on 12 January 2012. He is responsible for leading the Board and ensuring the overall effectiveness of the Board and its Board Committees as well as working alongside with the Chief Executive Officer on strategies. He is also responsible for the oversight of the Group's infrastructural materials and services businesses in China.

Mr. Chen brings with him a wealth of experience in corporate leadership and management from his involvements in the operations of companies across various industries in China. These businesses include primary land development, quarry, ready-mix concrete manufacturing, real estate development, logistics and newspaper printing. Mr. Chen holds several directorships in a few private Chinese companies.



MR. NEO CHEOW HUI

Chief Executive Officer and Executive Director

Mr. Neo Cheow Hui is the Chief Executive Officer and Executive Director of the Group. He is responsible for the oversight of the Group's businesses in Singapore, as well as the overall management of the Group, setting corporate direction and leading the senior management in strengthening the Group's businesses and competitiveness for sustainable success. His extensive experience in the warehousing and logistics industry played a pivotal role in developing high level strategies and making major corporate investments over the last 20 years.

Mr. Neo joined the Group in 1995, and rose through the ranks to become the Chief Operating Officer in 2005 and was subsequently promoted to Chief Executive Officer and Executive Director on 3 January 2012.



MS. QIAN WEN HUA

Executive Director

Ms. Qian Wen Hua joined the Group as Executive Director in 1 March 2015. Equipped with relevant business experience, Ms. Qian Wen Hua oversees the Group's business development in China.



MR. LOY SOO CHEW

Lead Independent Director

Mr. Loy Soo Chew was appointed as a Lead Independent Director of the Company on 15 April 2019. He is the Chairman of the Audit Committee and a member of the Remuneration Committee. Mr. Loy has been the Group Managing Director of Kian Ann Group since 2014 and his primary responsibilities cover exploring and evaluating new business opportunities and overseeing the day-to-day running of the Group.

Mr. Loy joined Kian Ann Group in 1996 as the Finance Manager and was promoted to General Manager and subsequently, to Executive Director. Mr. Loy obtained his Master of Business Administration from the University of Leeds in 2000 and graduated with a Bachelor of Business (major in Professional Accounting) from the University of Southern Queensland in 1996. He is an Associate of CPA Australia.



MR. ANDREW CHUA THIAM CHWEE

Independent Director

Mr. Andrew Chua was appointed to the Board as an Independent Director of the Company on 30 September 2015. He is the Chairman of the Nominating Committee and a member of the Audit Committee. A veteran banker, Mr. Chua has over 30 years of banking experience with his last position held as Managing Director of Enterprise Banking in DBS Bank Ltd.

Mr. Chua is the Managing Director at SME Care Pte Ltd. He is also the Honorary Chairman of the West Coast Citizens' Consultative Committee. Mr. Chua graduated with a Bachelor of Business Administration from University of Singapore in 1976.

BOARD OF DIRECTORS



MR. HO YING MING

Independent Director

Mr. Ho Ying Ming was appointed as an Independent Director of the Company on 30 September 2015. He is the Chairman of the Remuneration Committee and a member of the Nominating Committee. Mr. Ho has been a partner at Shook Lin & Bok since 2011 and practises in the area of corporate finance. He has extensive experience in domestic and cross-border mergers and acquisitions, complex corporate restructuring and reorganisations, as well as private equity investments. He has advised global private equity and venture capital firms, financial institutions, emerging growth companies, sovereign wealth funds and multinational corporates in an extensive range of corporate transactions, including public takeovers, private acquisitions and joint ventures.

Prior to joining Shook Lin & Bok LLP, Mr. Ho worked with a leading international firm in Singapore and China, as well as a leading local firm in Singapore, where he advised on numerous mergers and acquisitions, joint ventures, private equity and venture capital transactions. Mr. Ho graduated with a Bachelor of Laws (Honours) from the National University of Singapore in 2002.



MR. WONG QUEE QUEE, JEFFREY

Independent Director

Mr. Jeffrey Wong was appointed as an Independent Director of the Company on 15 April 2019. He is a member of the Audit, Nominating and Remuneration Committees. Mr. Wong has been the Chief Executive Officer of Soochow CSSD Capital Markets (Asia) Pte. Ltd. since April 2018.

Prior to joining Soochow CSSD Capital Markets (Asia) Pte. Ltd., Mr. Wong held various senior positions within the Religare Capital Markets (“RCM”) group, including Head of Investment Banking and Chief Operating Officer for RCM’s international business. Mr. Wong also has preceding work experience at UBS AG, Singapore branch, initially as a member of the Transactions Legal team and subsequently as an investment banker in the Equity Capital Markets team, as well as at Allen & Gledhill LLP. Mr Wong graduated with a Bachelor of Laws (Honours) from the National University of Singapore in 2000. He is a Chartered Valuer and Appraiser and was previously admitted as an advocate and solicitor of the Supreme Court of Singapore and a solicitor of the Supreme Court of England and Wales.

KEY MANAGEMENT

MS. DOREEN CHAI HWEE HOON

Vice President

Ms. Doreen Chai started the freight division for the Group since October 2004. She has been instrumental for the development and expansion of the freight and project logistics business units for the Group. Ms. Chai is responsible of the oversight of the sales and customer services of the Group's warehousing and logistics businesses.

Ms. Chai brings with her more than 20 years of experience in the freight forwarding industry and holds a Diploma in Business Studies.

MS. MARINA NEO HWEE LEE

Vice President

Ms. Marina Neo joined the Group since its inception in 1995 and rose through the ranks to manage the Group's warehousing businesses. She is responsible for the day-to-day operations of the Group's warehousing and logistics businesses.

Ms. Neo graduated with a Bachelor Degree in Business Administration and Economics from Charles Sturt University.

MR. CHEN JIANGNAN

Vice President

Mr. Chen joined the Group in 2018 and he is responsible for the Human Resources, Procurement and Administrative function of the Group. He is also assisting the Executive Chairman in the oversight and management of the infrastructural materials and services operations in China.

Prior to joining the Group, Mr. Chen has been managing his personal business ventures in China and Australia.

Mr. Chen graduated with a Bachelor of Business from University of Technology Sydney and holds a Master in Business Administration from De Monfort University.

MS. LI ZI YAN

Investment Manager

Ms. Li is the Investment Manager of the Group since February 2012. She is responsible for the investment management of GKE Holding (HK) Co., Limited and assist in the oversight of the Group's businesses in China.

Prior to joining the Group, Ms. Li held various positions as the Chief Executive Officer and Financial Controller in several large and medium-sized enterprises in China.

Ms. Li graduated with a Bachelor Degree in Economics and Business Management from Renmin University of China.

MR. CHUA WEI CHYE LAWRENCE

Chief Financial Officer

Mr. Lawrence Chua joined the Group in March 2016. Mr. Chua is responsible for Group's overall accounting and finance function including treasury, risk management and investor relations.

Prior to joining the Group, Mr. Chua had held several head of finance positions with companies listed on the SGX-ST. He has accumulated experiences in handling audit and initial public offering projects with one of the Big Four accounting firms.

Mr Chua. holds a Master in Business Administration from Manchester Business School. He is a fellow member of the Association of Chartered Certified Accountants (ACCA), United Kingdom and a non-practising member of the Institute of Singapore Chartered Accountants.

MR. TOH CHENG CHYE

Group Senior Finance Manager

Mr. Toh is the Group's Finance Manager since March 2015. He is responsible for the Group's overall financial and management reporting.

Mr. Toh has more than 15 years of experience in accounting and finance function. Prior to joining the Group, he was the Finance Manager with companies listed on the SGX-ST.

Mr. Toh graduated from the Association of Chartered Certified Accountants (ACCA), United Kingdom.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Chen Yong Hua
Executive Chairman and
Executive Director

Mr. Neo Cheow Hui
Chief Executive Officer and
Executive Director

Ms. Qian Wen Hua
Executive Director

Mr. Loy Soo Chew
Lead Independent Director

Mr. Andrew Chua Thiam Chwee
Independent Director

Mr. Ho Ying Ming
Independent Director

Mr. Wong Quee Quee, Jeffrey
Independent Director

AUDIT COMMITTEE

Mr. Loy Soo Chew
(Chairman)
Mr. Andrew Chua Thiam Chwee
Mr. Wong Quee Quee, Jeffrey

NOMINATING COMMITTEE

Mr. Andrew Chua Thiam Chwee
(Chairman)
Mr. Ho Ying Ming
Mr. Wong Quee Quee, Jeffrey

REMUNERATION COMMITTEE

Mr. Ho Ying Ming
(Chairman)
Mr. Loy Soo Chew
Mr. Wong Quee Quee, Jeffrey

PRINCIPAL PLACE OF BUSINESS AND REGISTERED ADDRESS

39 Benoi Road #06-01
Singapore 627725
Tel: (65) 6261 7770
Fax: (65) 6266 2557
Website: www.gke.com.sg

COMPANY SECRETARY

Ms. Shirley Tan Sey Liy (ACS, ACG)

AUDITOR

Ernst & Young LLP
Certified Public Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge:
Mr. Philip Ling Soon Hwa
Date of appointment: 1 June 2018

CONTINUING SPONSOR

RHT Capital Pte. Ltd.
6 Raffles Quay, #24-02
Singapore 048580
Registered Professional:
Mr. Lay Shi Wei

SHARE REGISTRAR

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

PRINCIPAL BANKERS

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

DBS Bank

12 Marina Boulevard
MBFC Tower 3
Singapore 018982

INVESTOR RELATIONS

Octave FinComm Private Limited
富登财经通讯私人有限公司
18 Robinson Road
Level 16 (Suite 1612)
18 Robinson
Singapore 048547
Website: www.octavecomms.com
Email: enquiry@octavecomms.com



REPORT OF CORPORATE GOVERNANCE

The Board of Directors (“**Board**”) of GKE Corporation Limited (“**Company**”) is committed to maintain a high standard of corporate governance for the Company and its subsidiaries (“**Group**”). The Company believes that good corporate governance establishes and maintains an ethical environment and enhances the interests of all shareholders.

The Group is committed to set the corporate governance practices in place to be in line with the recommendations of the Code of Corporate Governance 2018 (“**Code**”). This report sets out the Group’s main corporate governance practices that were in place throughout and/or during the financial year or which will be implemented and where appropriate, we have provided explanations for deviation from the Code.

BOARD MATTERS

The Board’s Conduct of its Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

The Board is entrusted with the responsibility for the overall management of the business and corporate affairs of the Group. Apart from its fiduciary duties, the Board provides strategic guidance for the Group and supervises executive Management (“**Management**”).

The Board’s roles are as follows:

- establish policies on matters such as financial control, financial performance and risk management procedures;
- establish goals for Management and monitors the achievement of these goals;
- provide entrepreneurial leadership, set strategic objectives and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders’ interests and the Company’s assets; and
- identify the key stakeholder groups and recognise that their perceptions affect the Company’s reputation.

All Directors exercise due diligence and independent judgement in dealing with the business affairs of the Group and are always obliged to act in good faith and objectively discharge their fiduciaries duties and responsibilities and take objective decisions in the interests of the Company. The Board holds the Management accountable for performance. Directors facing conflicts of interest will recuse themselves from meetings discussions and decisions involving the issues of conflict. Such Directors would abstain from voting and decision involving the issues of conflict.

To assist in the execution of its responsibilities, the Board is supported by three (3) Board Committees; namely the Audit Committee (“**AC**”), the Nominating Committee (“**NC**”) and the Remuneration Committee (“**RC**”) (collectively “**Board Committees**”). The Board Committees operate within clearly defined Terms of Reference (“**ToR**”) and they play an important role in ensuring good corporate governance in the Company and within the Group. The ToR of the Board Committees are reviewed on a regular basis to ensure their continued relevance.

REPORT OF CORPORATE GOVERNANCE

Directors attend and actively participate in Board and Board Committee meetings. The Board holds regular scheduled meetings to review the Group's key activities, business strategies, funding decisions, financial performance and to approve the release of the results of the Group. Ad-hoc meetings are convened when circumstances require. Meetings via telephone are permitted by the Company's Constitution. The Board also approves transactions through circular resolutions which are circulated to the Board together with all relevant information to the proposed transaction. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each Company.

The following table sets out the number of Board and Board Committees meetings held during FY2022 and the attendance of each Director at these meetings:

Name of Directors	Board		AC		NC		RC		AGM		EGM	
	No. of meetings		No. of meetings		No. of meetings		No. of meetings		No. of meetings		No. of meetings	
	held	attended	held	attended	held	attended	held	attended	held	attended	held	attended
Chen Yong Hua	4	4	-	-	2	1*	2	1*	1	1	2	2
Neo Cheow Hui	4	4	4	4*	2	2*	2	2*	1	1	2	2
Qian Wen Hua	4	4	4	4*	2	2*	2	2*	1	1	2	2
Ho Ying Ming	4	4	4	4*	2	2	2	2	1	1	2	2
Andrew Chua Thiam Chwee	4	4	4	4	2	2	2	2	1	1	2	2
Wong Quee Quee, Jeffrey	4	4	4	4	2	2	2	2	1	1	2	2
Loy Soo Chew	4	4	4	4	2	2*	2	2*	1	1	2	2

Notes:

* By invitation

The Group had adopted a set of internal guidelines setting forth financial authorisation and approval limits for investments, acquisitions and disposals. Transactions falling outside the ordinary course of business and where the value of a transaction exceeds these limits have to be approved by the Board.

The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are those involving:

- corporate strategy and business plans;
- investment and divestment proposals;
- funding decisions of the Group;
- nominations of Directors for appointment to the Board and appointment of key personnel;
- announcements of interim and full-year results, the annual report and financial statements, circulars and all other announcements broadcasted via SGXNet;
- material acquisitions and disposal of assets; and
- matters of strategic importance.

REPORT OF CORPORATE GOVERNANCE

The Directors are also updated regularly with respect to changes to the Listing Manual Section B: Rules of Catalist (“**Rules of Catalist**”) of Singapore Exchange Securities Trading Limited (“**SGX-ST**”), risk management, corporate governance, insider trading, key changes in the relevant regulatory requirements, financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as Board or Board Committees members.

News releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority (“**ACRA**”) which are relevant to the Directors are circulated to the Board. The Directors are informed of upcoming conferences and seminars relevant to their roles as Directors of the Company. Annually, the external auditor updates the AC and the Board on the new and revised financial reporting standards that are applicable to the Company or the Group.

The Directors are encouraged to attend seminars and receive training to improve themselves in the discharge of their duties and responsibilities. Changes to regulations and accounting standards are monitored closely by Management. To keep pace with such regulatory changes, the Company provides opportunities for ongoing education and training on Board processes and best practices as well as updates on changes in legislation and financial reporting standards, regulations and guidelines from the Rules of Catalist of the SGX-ST that affect the Company and/or the Directors in discharging their duties. The expense of training programs provided to the Directors will be borne by the Company.

In October 2015, ACRA introduced the Audit Quality Indicators (“**AQIs**”) Disclosure Framework (“**Framework**”), which aims, to equip AC with information that allows AC to exercise their professional judgements on elements that contribute to or are indicative of audit quality. The AQIs were further enhanced in August 2016 which ACRA introduced six targets on selected AQIs to provide AC with a common yardstick for comparison and to facilitate meaningful audit quality conversations with the auditors. As part of ongoing efforts to raise audit quality, ACRA has on 7 February 2020 introduced the AQIs Disclosure Framework that revised in January 2020 (“**Revised AQIs Framework**”). The Revised AQIs Framework comprises audit quality indicators to provide relevant and useful information to help AC in their evaluation of statutory auditors. Accordingly, the AC had evaluated the performance of the external auditor as well as the resolution for reappointment of the external auditor based on the AQIs set out in the Revised AQIs Framework.

All newly-appointed Directors will be briefed on the business activities of the Group and its strategic goals and will undergo an orientation program with materials provided to help them get familiarised with the business and organisation structure of the Group. Management will provide the Directors with complete, adequate and timely information prior to the Board and Board Committee meetings and regularly updates and familiarises the Directors on the business activities of the Group on an on-going basis and during Board meetings, to enable the Directors to make informed decisions and discharge their duties and responsibilities. To get a better understanding of the Group’s business, the Directors are also given the opportunity to visit the Group’s operational facilities and meet with Management. In line with the amendments to the Catalist Rules on 1 January 2022, the Company’s Directors have signed up for the sustainability training courses prescribed by the Singapore Exchange Regulation.

A formal letter of appointment would be furnished to every newly-appointed Director upon their appointment explaining, among other matters, their roles, obligations, duties and responsibilities as members of the Board. There were no new Directors appointed during FY2022.

The Board has separate and independent access to Management, the Company Secretary, and external advisers (where necessary) at the Company’s expense at all times. The role of the Company Secretary includes responsibility for ensuring the Board’s procedures are followed and that the applicable rules and regulations are complied with. The Company Secretary attends and prepare minutes of meetings of the Board and Board Committees and assists the Board in ensuring that the Company complies with the relevant statutory requirements. The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

REPORT OF CORPORATE GOVERNANCE

Board Composition and Balance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

Presently, the Board comprises three (3) Executive Directors and four (4) Independent Directors:

Executive Directors

Mr. Chen Yong Hua (Executive Chairman)
Mr. Neo Cheow Hui (Chief Executive Officer)
Ms. Qian Wen Hua

Independent Directors

Mr. Loy Soo Chew (Lead Independent Director)
Mr. Ho Ying Ming
Mr. Andrew Chua Thiam Chwee
Mr. Wong Quee Quee, Jeffrey

The NC is of the view that the current Board, with Independent Directors making up a majority of the Board, has a strong and independent element to exercise objective judgment on corporate affairs.

The NC considers an Independent Director as one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Company. The NC conducts its review annually to determine the independence of each Independent Director which take into the consideration the definition set out in the Code and Rule 406(3)(d) of the Catalist Rules. As at the date of this report, none of the Independent Directors has served on the Board beyond nine (9) years since the date of his first appointment.

The Board has examined its size and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Company. The NC is of the view that no individual or small group of individuals dominate the Board's decision-making process.

The Independent Directors are respected individuals from different backgrounds whose core competencies qualifications, skills and experience are extensive and complementary. The Company does not have a board diversity policy, however the Board comprises individuals who carry specialist backgrounds in accounting, finance, business and management, strategic planning and law. With the introduction of Rule 710(A) of the Catalist Rules effective from 1 January 2022, the Board will endeavour to maintain a board diversity policy that addresses gender, skills and experience, and any other relevant aspects of diversity, and describe such policy in its Annual Report for the financial year ending 31 May 2023.

The Board conducts an annual review to assess if the existing attributes and core competencies of the Board are complementary and contributes to the efficacy of the Board. This enables the Board to maintain or enhance balance and diversity within the Board. The diversity in the age, gender, nationality and race of the current Board as at 31 May 2022 based is as follows:-

Gender	Male	6	Race	Chinese	7*	Nationality	Singaporean	6	Age Group	40-50	3
	Female	1		Others	0		Chinese	1		51-60	3
					Others		0	61-70		1	

Note: * includes Singapore Citizen

REPORT OF CORPORATE GOVERNANCE

The Board strongly views that diversity of the Board's composition is important to facilitate optimal decision-making by harnessing different insights and perspectives. Whilst the capital market experience is of paramount importance to the Board, a high-performance board should comprise Directors with a wide variety of backgrounds, experiences and skills. The NC is of the view that the current Board comprises persons who as a group provide a diverse mix of capabilities such as skills, experience and knowledge required for the Board to be effective and to enable the Board to make decisions in the best interest of the Company.

The Independent Directors participate actively during Board meetings. Independent Directors constructively challenge and help develop proposals on strategy; and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. The Independent Directors discuss regularly without the presence of Management matters such as the changes that they like to see in Board processes, corporate governance initiatives, and matters which they wish to discuss during the Board meetings.

The Company has benefited from the Management's access to its Directors for guidance and exchange of views both within and outside of the meetings of the Board and Board Committees. The Independent Directors communicate amongst themselves and with the Company's auditor and Management.

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

There is a clear division of responsibilities between the Chairman and Chief Executive Officer ("CEO"), which ensures there are a balance of power, increased accountability and greater capacity for the Board in terms of independent decision making. Mr. Chen Yong Hua is the Executive Chairman while Mr. Neo Cheow Hui is the CEO. The Chairman is responsible for the formulation of the Group's strategic, direction and expansion plans, while the CEO is responsible for the conduct of the Group's daily business operations.

The Chairman also encourages constructive relations between the Board and Management and between the Executive Directors and Independent Directors, as well as effective communication with shareholders. To facilitate effective contribution of Directors, and in particular, the Independent Directors, the Chairman ensures that relevant information on business initiatives, industry developments and press commentaries on matters relating to the Company or the industries in which it operates are circulated to the Board members on a continuous basis so as to enable them to be updated and thereby enhance the effectiveness of the Independent Directors and the Board as a whole. The Chairman and the CEO are not related.

The Chairman takes a leading role in the Company's drive to achieve, promote and maintain a high standard of corporate governance with the support of the Directors, the Management and the Company Secretary.

All major decisions made by the Board are reviewed and approved by majority of the Board.

Notwithstanding that the Executive Chairman, Mr. Chen Yong Hua, is part of the management team and is not considered as an Independent Director, the Company remains in compliance with Provision 3.3 of the Code, where Mr. Loy Soo Chew has been appointed as the Lead Independent Director of the Company on 15 April 2019 to lead and co-ordinate activities of Independent Directors and providing a channel to Non-Executive Directors for confidential discussions on any concerns and to resolve conflicts of interests as and when necessary. In addition, the Lead Independent Director may also help the NC conduct annual performance evaluation and develop succession plans for the Chairman and CEO and help the RC design and assess the Chairman's remuneration. The Lead Independent Director is the main liaison on Board issues between the Independent Directors and the Chairman and is available to shareholders where they have concerns when contact through the normal channels of the Chairman, the CEO, or the Chief Financial Officer ("CFO") has failed to resolve or where such communication is inappropriate or inadequate.

REPORT OF CORPORATE GOVERNANCE

The Independent Directors, led by the Lead Independent Director, meet amongst themselves without the presence of the other Directors, where necessary, and the Lead Independent Director will provide feedback to the Chairman after such meetings.

The Board believes that the Independent Directors have demonstrated high commitment in their role as Directors and there are adequate safeguards in place to ensure an appropriate balance of power and authority within the spirit of good corporate governance.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The NC currently comprises three (3) Independent Directors, all of whom, including the Chairman are independent. The NC members are:

Nominating Committee

Mr. Andrew Chua Thiam Chwee (Chairman)
Mr. Wong Quee Quee, Jeffrey
Mr. Ho Ying Ming

In view that all members of the NC are all Independent Directors, the Board is of the view that there is sufficient independent element in the committee. The Lead Independent Director, who is also the Chairman of the AC, should focus on the AC matters instead. Notwithstanding the foregoing, the Lead Independent Director was invited to attend all NC meetings during FY2022.

The NC is regulated by its ToR and its principal functions include the following:

- to appoint new Directors and re-nominate existing Directors, having regard to their contribution and performance;
- to assess the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board;
- to determine on an annual basis whether or not a Director is independent;
- to decide whether a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when the Director has multiple board representations;
- to review the training and professional development programs for the Board; and
- to review the Board succession plans for Directors, in particular, the Chairman, the CEO and key management personnel.

REPORT OF CORPORATE GOVERNANCE

Process for appointing of new directors

The NC has recommended, and the Board has approved, a formal process for the selection of new Directors as follows:-

- (a) The NC evaluates the balance of skills knowledge and experience on the Board and, in the light of such evaluation and in consultation with Management, prepares a description of the role and the essential and desirable competencies for a particular appointment;
- (b) Directors and Management may suggest suitable potential candidates. If necessary, the NC may enlist external help (for example, from Singapore Institute of Directors, search consultants or advertisements) to source for potential candidates;
- (c) The NC assesses suitability of short-listed candidates and discusses with them, if necessary, to ensure that the candidates are aware of the expectations and the level of commitment required; and
- (d) The NC makes recommendations to the Board for approval.

All Directors are to submit themselves for re-nomination and re-election at regular intervals of at least once every three (3) years. The Company's Constitution provides that one-third of the Board for the time being shall retire from office by rotation at each Annual General Meeting ("AGM") of the Company. In addition, the Company's Constitution also provides that newly appointed Directors are required to submit themselves for re-election at the AGM of the Company immediately following his/her appointment.

Each member of the NC shall abstain from voting on any resolutions in respect to his re-nomination as a Director. Mr. Chen Yong Hua, Mr. Neo Cheow Hui and Mr. Loy Soo Chew will be retiring at the forthcoming AGM pursuant to the Company's Constitution. Mr. Chen Yong Hua, Mr. Neo Cheow Hui and Mr. Loy Soo Chew being eligible, had each consented to stand for re-election as Directors of the Company at the forthcoming AGM.

For the financial year under review, the NC is of the view that the Independent Directors of the Company are independent (as defined under Principle 2 as set out in page 26 of this Annual Report) and are able to exercise judgment on the corporate affairs of the Group that is independent of the Management.

Despite some of the Directors having other Board representations, the NC is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company. Currently, the Board has not determined the maximum number of listed Board representations which any Director may hold as it would not adequately take into account the varied circumstances of each Director. The NC and the Board will review the requirement to determine the maximum number of listed Board representations as and when it deem fits. The Company currently does not have any alternate Directors.

Details of the Directors' academic and professional qualifications and directorships both present and those held over the preceding 3 years in other listed companies and other principal commitments are set out on pages 43 to 54 of the Annual Report.

REPORT OF CORPORATE GOVERNANCE

The key information regarding Directors is set out below:

Name of Director	Board Appointment Executive / Non-Executive	Board Committees as Chairman or Member	Directorship Date First Appointment / Date of Last Re-Election	Due for Re- Election / Re-Appointment on forthcoming Annual General Meeting
Mr. Chen Yong Hua	Executive Chairman and Executive Director	Board Member	12 January 2012 / 25 September 2020	√
Mr. Neo Cheow Hui	Chief Executive Officer and Executive Director	Board Member	21 July 2005 / 25 September 2020	√
Ms. Qian Wen Hua	Executive Director	Board Member	1 March 2015 / 25 September 2020	–
Mr. Loy Soo Chew	Lead Independent Director	Board Member, Chairman of AC and Member of RC	15 April 2019 / 24 September 2019	√
Mr. Ho Ying Ming	Independent Director	Board Member, Chairman of RC and Member of NC	30 September 2015 / 24 September 2019 / 29 September 2021	–
Mr. Andrew Chua Thiam Chwee	Independent Director	Board Member, Chairman of NC, and Member of AC	30 September 2015 / 24 September 2019 / 29 September 2021	–
Mr. Wong Quee Quee, Jeffrey	Independent Director	Board Member, Member of AC, NC and RC	15 April 2019 / 24 September 2019 / 29 September 2021	–

Note: Information on the Directors' shareholding in the Company is set out in the Directors' Statement.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The NC determines how the Board's performance may be evaluated and proposes objective performance criteria, subject to the Board's approval, which address how the Board has enhanced long-term shareholders' value. The performance evaluation takes into consideration the Company's share price performance vis-à-vis the Singapore Straits Times Index. The Board has also implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and its Board Committees and for assessing the contribution from each individual Director to the effectiveness of the Board.

REPORT OF CORPORATE GOVERNANCE

The Board and the NC have endeavoured to ensure that the Directors appointed to the Board possess the relevant experience, knowledge and expertise critical to the Group's business.

During the financial year under review, the Directors were requested to complete the evaluation form of the Board as a whole, Board Committees and individual directors respectively to assess the overall effectiveness of the Board, Board Committees and individual Directors. The results of the evaluation exercise were considered by the NC which then made recommendations to the Board on enhancements to improve the effectiveness of the Board as a whole.

The NC, having reviewed the performance of the Board as a whole, Board Committees and individual Director, is of the view that the performances of the Board, Board Committees and individual Director have been satisfactory and met their performance objectives. No external facilitator was used in the evaluation process for FY2022.

All NC members have abstained from voting or review process of any matters in connection with the assessment of his/her performance.

The NC meet at least once a year, and as warranted by circumstances, to discharge its function. In FY2022, two (2) NC meetings were held.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No Director is involved in deciding his or her own remuneration.

The RC comprises the following three (3) Directors, all of whom, including the Chairman are Independent Directors:

Remuneration Committee

Mr. Ho Ying Ming (Chairman)
Mr. Wong Quee Quee, Jeffrey
Mr. Loy Soo Chew

The members of the RC carried out their duties in accordance with the ToR which include recommending to the Board, a framework of remuneration for each Director.

The RC recommends to the Board a framework for the remuneration for the Board and key management personnel and to determine specific remuneration packages for each Executive Director which is based on transparency and accountability.

The RC is regulated by its ToR and its key functions include:

- reviewing and recommending to the Board a framework of remuneration for all Directors of the Company and Management;
- reviewing the service contracts of the Executive Directors; and
- reviewing and submitting its recommendations for endorsement by the Board.

REPORT OF CORPORATE GOVERNANCE

The RC was formed with the mandate to oversee the general compensation of employees of the Group with a goal to motivate, recruit and retain employees and Directors through competitive compensation and progressive policies.

Each member of the RC will refrain from voting on any resolution in respect of the assessment of his/her remuneration. No Director will be involved in determining his/her own remuneration.

The RC has access to professional advice from experts outside the Company on executive remuneration matters as and when necessary. In accessing the professional advice from experts outside the Company, the RC will ensure that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The Company will also disclose the names and firms of the remuneration consultants in the annual remuneration report, and include a statement on whether the remuneration professionals have any such relationships with the Company. The Company did not appoint any remuneration professionals to advise on the executive remuneration during the financial year ended 31 May 2022.

In addition to the above, the RC will also review the Company's obligations in the event of termination of the Executive Directors and key management personnel's contract of service, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

The RC meets at least once a year, and as warranted by circumstances, to discharge its function. In FY2022, two (2) RC meeting were held.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

The Company has a remuneration policy, which comprises a fixed component and a variable component. The fixed and variable components are in the form of a base salary and a variable bonus respectively, and take into account the performance of the Company as a whole and the performance of the individual Director and the key management personnel so as to align remuneration with the interests of shareholders and link rewards to corporate and individual performance.

The remuneration packages for the Executive Directors and key management personnel will be reviewed by the RC annually to ensure that the remuneration commensurate with the level of contribution, taking into account factors such as effort and time, and responsibilities of the Executive Directors and key management personnel. For FY2022, the RC is satisfied that the performance conditions for the Executive Directors and key management personnel were met.

On 29 September 2021, shareholders approved the GKE Employee Share Option Scheme 2021 ("**GKE ESOS 29 September 2021**"). The GKE ESOS 2021 is administered by the RC ("**Administration Committee**").

The primary objective of establishing the GKE ESOS 2021 is to attract, reward, retain and motivates the Group's Directors and key employees so as to strengthen the Group's competitiveness and build a sustainable long-term business. Allowing the Group's Directors and high performing employees to participate in the equity of the Company will encourage them to achieve a higher standard of performance and promote loyalty to the Company and the Group.

REPORT OF CORPORATE GOVERNANCE

In addition, by fostering a greater ownership culture within the Group, GKE ESOS 2021 would engender the alignment of the interest of employees with that of the shareholders. This long-term shareholder value through sustainable growth is achieved by means of increased performance standards and efficiency of key employees. In addition, the participatory style of management promotes greater commitment and a stronger sense of identification towards the Group amongst the employees.

Under GKE ESOS 2021, a Participant will be granted the right to subscribe for shares (“Options”). An Option represents the right of the Participant to receive fully paid shares upon payment of the Exercise Price (as defined and determined under the GKE ESOS 2021) within the Exercise Period (as defined in the GKE ESOS 2021). The Exercise Price and Exercise Period shall be determined by the Administration Committee in its absolute discretion in accordance with the GKE ESOS 2021.

The Independent and Non-Executive Directors do not enter into service agreements with the Company. They are paid Directors’ fees, the amount of which is dependent on their level of responsibilities. The Company will submit the quantum of Directors’ fees for each year to the shareholders for approval at each AGM. Save for Directors’ fees and ESOS as disclosed in Principle 8 on page 33 of this report, the Independent Directors do not receive any other remuneration from the Company in FY2022.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

Disclosure on Remuneration

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The level and mix of each of the Director’s remuneration for the FY2022 are set out below:

Names of Directors	Directors’				
	Fees ⁽¹⁾ (%)	Salary (%)	Bonus (%)	Benefits ⁽²⁾ (%)	Total (%)
<u>S\$500,000 and above</u>					
Chen Yong Hua	0	64	34	2	100
Neo Cheow Hui	0	62	33	5	100
<u>Below S\$250,000</u>					
Qian Wenhua	0	91	7	2	100
Loy Soo Chew	99	0	0	1	100
Andrew Chua Thiam Chwee	99	0	0	1	100
Ho Ying Ming	99	0	0	1	100
Wong Quee Quee, Jeffrey	99	0	0	1	100

Notes:

- (1) These fees are subject to the approval of the shareholders at the forthcoming AGM.
- (2) Inclusive of share based payment expenses.

REPORT OF CORPORATE GOVERNANCE

The level and mix of top six (6) existing key management personnel who are not Directors or the CEO of the Company for FY2022 are set out below:

Name of Key Management Personnel	Salary	Bonus	Benefits	Total
	%	%	%	%
<u>S\$250,000 to S\$500,000</u>				
Chai Hwee Hoon, Doreen	72	26	2	100
Neo Hwee Lee, Marina ⁽¹⁾	71	27	2	100
Chua Wei Chye Lawrence	71	27	2	100
Chen Jiang Nan ⁽²⁾	73	25	2	100
<u>Below S\$250,000</u>				
Li Zi Yan	81	18	1	100
Toh Cheng Chye	80	19	1	100

Details of remuneration paid to the immediate family member of Directors, the CEO or a substantial shareholder of the Company for FY2022 are as follows:

Name of Immediate Family Member	Salary	Bonus	Benefits	Total
	%	%	%	%
<u>S\$250,000 to S\$500,000</u>				
Neo Hwee Lee, Marina ⁽¹⁾	71	27	2	100
Chen Jiang Nan ⁽²⁾	73	25	2	100

Notes:

- (1) Ms. Neo Hwee Lee, Marina is the sister of Mr. Neo Cheow Hui.
- (2) Mr. Chen Jiang Nan is the son of Mr. Chen Yong Hua.

Except as disclosed above, there were no employees who were immediate family members of a Director or the CEO whose remuneration exceeds S\$100,000 in the Group's employment during the financial year under review.

For FY2022, the aggregate total remuneration paid to the key management personnel (who are not Directors or the CEO) of the Company amounted to S\$1,724,219.

There were no terminations, retirement or post-employment benefits granted to the Directors, the CEO and key management personnel other than the standard contractual notice period termination payment in lieu of service for the financial year ended 31 May 2022.

In view of confidentiality of remuneration matters, the Board is of the opinion that it is in the best interests of the Group not to disclose the exact details of the remuneration of the Directors, the CEO, key management personnel and immediate family members in the Annual Report and that the disclosure based on the above remuneration bands is appropriate.

REPORT OF CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

The Board recognises its responsibilities over the governance of risks and has set in place management procedures for ensuring a sound system of risk management and internal controls. These procedures include introducing a structured Enterprise Risk Management (“ERM”), management reviews of key transactions, and the assistance of independent consultants such as the Group’s external and internal auditors to review financial statements and internal controls covering key risk areas.

The Group has started implementing an ERM programme in stages which cover the following areas:

- **Structured ERM Reporting Processes**

An overall framework for risk management has been documented in a manual to be disseminated to personnel responsible for oversight of risks and operations of risk countermeasures. This ERM manual includes the terms of reference of the various personnel and committee responsible for monitoring and managing risks in the Group. The ERM process also requires ongoing identification of key risks to the Company. Risk workshops attended by key management personnel were conducted to provide a structured approach of identification and assessment of risks.

- **Risk Appetite of the Group**

The Group relies on Management to monitor day to day operations while subjecting key corporate decisions, such as investments or acquisitions of businesses to Board approval. The Group’s performance is monitored closely by the Board periodically and any significant matters that might have an impact on the operating results are required to be brought to the immediate attention of the Board.

The Group has also taken a strict stance towards avoiding any risks that might result in breaching relevant laws and regulations and risks that could adversely affect the reputation of the Group. Active efforts are also in place to manage risks within impact such as transferring them to third party insurers or having internal control procedures to better mitigate the likelihood of their occurrence. Internal audits will be regularly conducted to assess the ongoing compliance with the established controls to address key risk areas where applicable.

- **Risk Assessment and Monitoring**

Based on the ERM framework, the nature and extent of risks to the Group will be assessed regularly by key management personnel and risk reports covering top risks to the Group will be submitted to the AC on annual basis. A set of risk registers to document risks arising from this ERM exercise has also been established to document all key risks and the corresponding countermeasures will be updated whenever new risks emerge or when there are applicable changes in the business environment.

REPORT OF CORPORATE GOVERNANCE

In addition to the above ERM reports, the Board has also received assurance from the CEO and the CFO that:

- (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- (ii) the Company's risk management and internal control systems are adequate and effective to address the financial, operational, compliance and information technology risks.

Assessment of the Adequacy of Internal Controls

The Board, with the concurrence of the AC, is of the opinion that, the system of internal controls and risk management maintained by Management throughout the FY2022 is adequate and effective to address the financial, operational, compliance and information technology risks.

The Board and the AC are of the opinion that, the Company's internal controls including financial, operational, compliance, informational technology controls and risk management systems were adequate and effective based on:

- the internal controls established and maintained by the Group;
- reports issued by the internal and external auditors;
- risk reports arising from the ERM exercise;
- regular reviews performed by the Management, and annual review undertaken by AC and the Board; and
- confirmation by the Management.

Audit Committee

Principle 10: The Board has an AC which discharges its duties objectively.

The AC currently comprises the following three (3) Directors:

Audit Committee

Mr. Loy Soo Chew (Chairman)
Mr. Wong Quee Quee, Jeffrey
Mr. Andrew Chua Thiam Chwee

The Company has adopted the written ToR clearly setting out the roles and responsibilities of the AC.

The AC schedules a minimum of four (4) meetings in each financial year and the Board is of the view that the members of the AC have sufficient and financial management knowledge and experience to discharge their responsibilities as members of the AC. The primary function of the AC are as follows:-

- Reviewing the audit plans of the internal and external auditors of the Group and the Company, and reviewing the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the internal and external auditors;

REPORT OF CORPORATE GOVERNANCE

- Reviewing the interim and full-year financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors;
- Reviewing effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;
- Meeting with the internal and external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviewing legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewing the cost effectiveness and the independence and objectivity of the external auditor;
- Reviewing the nature and extent of non-audit services provided by the external auditor;
- Recommending to the Board of Directors the external auditor to be nominated, approving the compensation of the external auditor, and reviewing the scope and results of the audit;
- Reporting actions and minutes of the AC to the Board of Directors with such recommendations as the AC considered appropriate;
- Reviewing interested person transactions in accordance with the requirements of the Rules of Catalist of SGX-ST; and
- Reviewing the assurance from the CEO and the CFO on the financial records and financial statements.

In addition, the AC is given the task of commissioning investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation, which has or is likely to have a material impact on the Company's operating results or financial position, and to review the findings thereof. The AC has also conducted reviews of interested person transactions.

The AC recommends to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditor and approves the remuneration of the external auditor. The AC has recommended to the Board that Ernst & Young LLP be nominated for the re-appointment as the external auditor of the Company at the forthcoming AGM.

The AC met with the internal and external auditors without the presence of Management at least once annually to review the adequacy of audit arrangements, the internal controls established by the Management and the independence, objectivity and observations of the auditors.

During the year, the AC performed independent reviews of the financial statements of the Company before the announcement of the Company's financial results. The AC also reviewed and approved both the Company's external auditor's plans to ensure that the plans covered sufficiently the terms of audit scope in reviewing the significant internal controls of the Company. Such significant controls comprise financial, operational and compliance controls. All audit findings and recommendations put by the external auditor were forwarded to the AC. Significant issues were discussed at these meetings.

In addition, the AC undertook on the independence and objectivity of the external auditor through discussions with the external auditor, as well as reviewing the non-audit fees awarded to them and has confirmed that the non-audit services performed by the external auditor would not affect their independence. Fees paid or payable by the Group to external auditor for non-audit services and audit services for FY2022 amounted to S\$31,000 and S\$221,000 respectively.

REPORT OF CORPORATE GOVERNANCE

In the review of the financial statements for FY2022, the AC had discussed with Management and the external auditor on changes to accounting standards and significant issues and assumptions that impact the financial statements. The most significant matters had also been included in the Independent Auditor's Report to the members of the Company under "Key Audit Matters". In assessing the Key Audit Matters, the AC took into consideration the approach, methodology and the key assumptions applied in the review of the Key Audit Matters as provided in the Independent Auditor's Report. The AC concluded that Management's accounting treatment and estimates in the Key Audit Matters were appropriate.

The Company is in compliance with Rules 712 and 715 of the Rules of Catalist of the SGX-ST in relation to the engagement of its external auditor.

The Group has implemented a "Whistle-Blowing Policy" whereby accessible channels are provided for employees to raise concerns about possible improprieties in matters of financial reporting or other matters which they become aware and to ensure that:

- (i) independent investigations are carried out in an appropriate and timely manner;
- (ii) appropriate action is taken to correct the weakness in internal controls and policies which allowed the perpetration of fraud and/or misconduct and to prevent a recurrence; and
- (iii) administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate, balance and fair, while providing reassurance that employees will be protected from reprisals or victimisation for whistle-blowing in good faith and without malice.

Details of the whistle-blowing policy, together with the dedicated whistle-blowing communication channels have been made available to all employees of the Company. Identity of the whistleblower is kept confidential at all times, and the whistleblower will not be subject to detrimental or unfair treatment.

The whistle-blowing policy and procedures are reviewed by the AC from time to time to ensure they remain relevant. The AC reports to the Board on such matters at the Board meetings. Should the AC receive reports relating to serious offences and/or criminal activities in the Group, the AC and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant government authorities for further investigation or action.

As of the date of this Annual Report, there is no whistle-blowing case reported through the whistle-blowing mechanism.

The AC is kept updated annually or from time to time on any changes to the accounting and financial reporting standards by the external auditor. No former partner or Director of the Company's existing auditing firm has acted as a member of the AC (a) within a period of two (2) years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

The Company has outsourced its internal audit function to BDO LLP ("**BDO**"), which is an established international auditing firm. BDO conducts their internal audits based on the BDO Global Internal Audit Methodology which is consistent with the International Professional Practices Framework established by the Institute of Internal Auditor. BDO reports directly to the AC on audit matters and the CEO on administrative matters. BDO, as the Internal Auditor, has unfettered access to all the Company's documents, records, properties and personnel, including access to AC and has appropriate standing within the Company.

REPORT OF CORPORATE GOVERNANCE

The BDO LLP's Engagement Partner has more than 20 years of experience in audit and advisory services, and is a Chartered Accountant (Singapore), Certified Internal Auditor and Certified Information System Auditor. Members of the internal audit team also have relevant academic qualifications and internal audit experience. The AC is satisfied that the outsourced internal audit function is adequately staffed by suitably qualified and experienced professionals based on the internal audits conducted for FY2022.

The AC decides on the appointment, removal, termination, evaluation and compensation of the internal auditor. The AC would annually review the independence, adequacy and effectiveness of the internal audit function of the Company.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Shareholders are informed of general meetings through the announcement released to the SGXNet and on the Company's corporate website, to ensure fair dissemination to shareholders.

In view of the current Covid-19 situation, the forthcoming AGM to be held in respect of FY2022 will be convened and held by electronic means pursuant to the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Alternative Arrangements") and the joint statement that was issued on 13 April 2020, and subsequently updated on 27 April 2020 and 1 October 2020, by the Monetary Authority of Singapore, the ACRA and the Singapore Exchange Regulation to provide guidance on the conduct of general meetings during the period when elevated safe distancing measures are in place. In view of these developments, general meetings which are held beyond 30 June 2021 can be held via electronic means, and are encouraged to do so. The Alternative Arrangements relating to attendance at the AGM via electronic means i.e. live audio visual webcast or live audio-only stream, submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions prior to or at the AGM (if any) and appointing the Chairman of the Meeting as the Proxy at the AGM, will be in place.

Printed copies of the notice of general meetings ("**Notice**") and the Company's Annual Report for the financial year ended 31 May 2022 ("**Annual Report**") will not be sent to members. Instead, this Notice and Annual Report including appendixes and circular(s) are distributed electronically, via the SGXNET URL: <https://www.sgx.com/securities/company-announcement>, via publication on the Company's corporate website, <http://www.gke.com.sg> and the following URL: <https://conveneagm.sg/gke2022agm>.

All shareholders are entitled to attend the general meetings and are provided the opportunity to participate in the general meetings. If any shareholder is unable to attend, he/she is allowed to appoint such number of proxies as required to vote on his/her behalf at the general meeting through proxy forms sent in advance. The shareholders are also informed on the voting procedures at the general meetings.

Shareholders are encouraged to attend the Company's general meetings to ensure a high level of accountability and to be updated on the Group's strategies and goals. Notice of the general meeting is dispatched to shareholders, together with explanatory notes or a circular on items of special businesses (if necessary), at least 14 clear calendar days before the meeting. The Board welcomes questions from shareholders who wish to raise issues through <https://conveneagm.sg/gke2022agm>.

REPORT OF CORPORATE GOVERNANCE

Each item of special business included in the notice of the general meetings will be accompanied by explanation of the effects of a proposed resolution. All the resolutions at the general meetings are single item resolutions.

The Chairmen of the AC, the NC and the RC are normally present and are available to address questions relating to the work of their respective Board Committees at general meetings. Furthermore, the external auditors are present to assist the Board in addressing any relevant queries by our shareholders including the conduct of audit and the preparation and content of the auditor's report. All Directors will endeavour to be present at the Company's general meetings of shareholders to address shareholders' queries. The Directors' attendance at the Company's general meeting during FY2022 has been disclosed in page 24 of this Annual Report.

Although the Company's Constitution does not include the nominee or custodial services to appoint more than two (2) proxies, the legislation has been amended on 3 January 2016, among other things, to allow certain members, defined as "Relevant Intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant Intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.

The Company's Constitution also provides that the shareholder of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a shareholder of the Company. The instrument appointing a proxy must be deposited at the place specified in the notice of the general meetings not less than forty-eight (48) hours before the time appointed for holding the general meetings.

Voting by absentia by mail, facsimile or email is currently not provided in the Company's Constitution as such voting methods would need to be cautiously studied for its feasibility to ensure that the integrity of the information and the authenticity of the shareholder's identity are not compromised.

The Company will publish the minutes of general meetings of shareholders on both the SGX website via SGXNet and the Company's website within one (1) month from the AGM.

The Group does not have a formal dividend policy at present. The form, frequency and amount of dividends declared each year will take into consideration the Group's earnings, general financial condition, results of operations, capital requirements, cash flow, general business conditions, the Group's development plans and other factors as the Board may deem appropriate.

The Company has declared a first and final dividend of 0.20 Singapore cents per ordinary share in respect of FY2022 which is subject to shareholders' approval at the forthcoming AGM.

Engagement with Shareholders

Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

The Company believes in high standards of transparent corporate disclosure and is committed to disclose to its shareholders, the information in a timely and fair manner via SGXNet. Where there is inadvertent disclosure made to a selected Group, the Company will make the same disclosure publicly to all others as soon as practicable. The Company acknowledges the importance of establishing effective communication among the stakeholders through regular engagement and various communication platforms to achieve mutually beneficial goals.

REPORT OF CORPORATE GOVERNANCE

Communication is made through:

- Annual Reports that are prepared and sent to all shareholders. The Board ensures that the Annual Reports includes all relevant information about the Company and the Group, including future developments and other disclosures required by the Companies Act 1967 of Singapore and Singapore Financial Reporting Standards (International);
- interim announcements containing a summary of the financial information and affairs of the Group for that period; and
- notices of explanatory memoranda for AGMs and Extraordinary General Meetings (“EGMs”). In view of the current COVID-19 situation, the notices for FY2022 will not be advertised in a national newspaper. Instead, the Company has arranged the notices of AGM and EGM (if applicable) for FY2022 published via the SGXNET URL: <https://www.sgx.com/securities/company-announcement>, via publication on the Company’s corporate website, <http://www.gke.com.sg> and the following URL: <https://conveneagm.sg/gke2022agm>.

The Company’s website is <http://www.gke.com.sg> at which shareholders can access financial information, corporate announcements, press releases, Annual Reports and profile of the Group.

By supplying shareholders with reliable and timely information, the Company is able to strengthen the relationship with its shareholders based on trust and accessibility. The contact details of the investor relations firm are set out in “Corporate Information” section of the Annual Report.

MANAGING STAKEHOLDINGS RELATIONSHIPS

Engagement With Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

The Company has identified five (5) key stakeholders’ groups, namely, the communities, employees, investors, customers and suppliers. The Company’s approach to the engagement with key stakeholders and materiality assessment were disclosed in the Company’s Sustainability Report for FY2021. More details will be disclosed in the standalone Sustainability Report for FY2022. The Company will continue to monitor and improve its engagement to ensure that the best interests of the Company are served.

The Company does not practice selective disclosure. Price sensitive information is first publicly released through SGXNet, before the Company meets with any investors or analysts.

To promote regular, effective and fair communication with shareholders, the Company maintains a corporate website at <http://www.gke.com.sg> through which shareholders are able to access up-to date information on the Group.

The website provides Annual Reports, financial information, stock information, profiles of the Group, and contact details of the investor relations of the Group.

REPORT OF CORPORATE GOVERNANCE

DEALINGS IN SECURITIES

In compliance with Rule 1204(19) of the Rules of Catalist of the SGX-ST, the Company has adopted policies to provide guidance to its officers on securities transactions by the Company and its officers. These internal guidelines apply to dealings in securities by certain employees (including Directors and other officers) of the Group. The Company sends notifications via emails to notify all its officers and Directors one (1) month prior to the close of window for trading of the Company's securities. In addition, the Directors and officers of the Company are advised not to deal (whether directly or indirectly) in the Company's securities on short-term consideration and be mindful of the law on insider trading as prescribed by the Securities & Futures Act, Act 2001 of Singapore, at all times even when dealing in securities within the permitted trading period.

The Company, its Directors and officers should not deal in the listed securities of the Company for a period of one (1) month before the half-year and full year results, and ending on the date of the announcement of the relevant results or if they are in possession of unpublished price-sensitive information.

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transaction with an interested person, which sets out the procedures for review and approval of such transaction.

All interested person transactions will be documented and submitted periodically to the AC for their review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the Company and its minority shareholders.

The Group had on 11 May 2022 obtained a general mandate from shareholders for IPTs. Details of IPTs transacted during FY2022 are as follows:-

Name of interested person	Nature of relationship	Aggregate value of all interested person transaction during the financial period under review (excluding transactions less than S\$100,000 and transaction conducted under shareholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested person transaction conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) S\$'000
Purchase of goods from Cenxi Haoyi Recycling Co., Ltd	The Executive Chairman is deemed to have a controlling interest in Cenxi Haoyi Recycling Co., Ltd.	Nil	2,966

REPORT OF CORPORATE GOVERNANCE

MATERIAL CONTRACTS AND LOANS

Save for the interested persons transactions as disclosed above, pursuant to Rule 1204(8) of the Rules of Catalist of the SGX-ST, the Company confirms that, except as disclosed in the Directors' Report and financial statements, there were no other material contracts and loans of the Company and its subsidiaries involving the interests of the CEO or any Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

CATALIST SPONSOR

The Company is currently under the SGX-ST Catalist sponsor-supervised regime and the continuing sponsor of the Company is RHT Capital Pte. Ltd.. No non-sponsor fee was paid to the sponsor in FY2022.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Information for the Directors who are retiring and being eligible, offer themselves for re-election at the forthcoming AGM pursuant to Rule 720(5) of the Listing Manual of the SGX-ST:

Details	Name of Director		
	Chen Yong Hua	Neo Cheow Hui	Loy Soo Chew
Date of Appointment	30 September 2015	30 September 2015	15 April 2019
Date of last re-appointment (if applicable)	25 September 2020	25 September 2020	24 September 2019
Age	52	54	55
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of the Company has accepted the NC's recommendation, who has reviewed and considered Mr. Chen Yong Hua is able to exercise judgment as the Executive Director on the corporate affairs of the Group.	The Board of the Company has accepted the NC's recommendation, who has reviewed and considered Mr. Neo Cheow Hui is able to exercise judgment as the Executive Director on the corporate affairs of the Group.	The Board of the Company has accepted the NC's recommendation, who has reviewed and considered Mr. Loy Soo Chew is able to exercise judgment as an Independent Director on the corporate affairs of the Group and independent of the Management. The Board considers Mr. Loy Soo Chew to be independent for the purpose of Rule 704(6) of the Catalist Rules.

REPORT OF CORPORATE GOVERNANCE

Details	Name of Director		
	Chen Yong Hua	Neo Cheow Hui	Loy Soo Chew
Whether appointment is executive, and if so, the area of responsibility	Executive. Mr. Chen Yong Hua is responsible to explore overseas business opportunities and overseeing the growth strategies of the Group.	Executive. Mr. Neo Cheow Hui is responsible to oversee the logistics & warehousing and agriculture segment of the Group.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman and Executive Director	Chief Executive Officer and Executive Director	Lead Independent Director, Chairman of the Audit Committee and member of the Remuneration Committee.
Professional qualifications	–	–	<ul style="list-style-type: none"> • Master of Business Administration from University of Leeds (Correspondence Study) in year 2000 • Associate of the Australian Society of Certified Practising Accountants from Australian Society of Certified Practising Accountants in year 1997 • Bachelor of Business (Major in Professional Accounting) from University of Southern Queensland (External degree) in year 1996 • Diploma in Business Studies (Major in Company Law and Taxation) from Ngee Ann Polytechnic Singapore in year 1988
Working experience and occupation(s) during the past 10 years	<ul style="list-style-type: none"> • Executive Chairman and Executive Director of GKE Corporation Limited 	<ul style="list-style-type: none"> • Chief Executive Officer and Executive Director of GKE Corporation Limited 	<ul style="list-style-type: none"> • Year 2009 to Year 2014: Executive Director cum General Manager of Kian Ann Engineering Pte Ltd • Current: Group Managing Director of Kian Ann Engineering Pte Ltd

REPORT OF CORPORATE GOVERNANCE

Details	Name of Director		
	Chen Yong Hua	Neo Cheow Hui	Loy Soo Chew
Shareholding interest in the listed issuer and its subsidiaries	Direct interest 17,200,000 shares, deemed interest 50,000,000 shares (held by United Overseas Bank Nominees Pte Ltd on his behalf) and 682,000 employee share options.	Direct interest 27,945,300 shares, deemed interest 500,000 shares (held by United Overseas Bank Nominees Pte Ltd on his CPF investment accounts) and 682,000 employee share options.	44,000 employee share options
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Chen Jiang Nan, Vice President of the Group, is the son of Mr. Chen Yong Hua.	Neo Hwee Lee, Marina, Director of GKE Warehousing & Logistics Pte. Ltd. is the sister of Mr. Neo Cheow Hui.	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments Including Directorships	Past (for the last 5 years) <ul style="list-style-type: none"> ● GKE Metal Logistics Pte. Ltd. ● Van Der Horst Logistics Limited ● Van Der Horst (Shanghai) Logistics Co., Ltd 	Past (for the last 5 years) <ul style="list-style-type: none"> ● GKE Metal Logistics Pte. Ltd. ● GKE Shipping Co., Limited ● Van Der Horst Logistics Limited ● Van Der Horst (Shanghai) Logistics Co., Ltd 	Past (for the last 5 years) <ul style="list-style-type: none"> ● AfriAsian Trading Pte Ltd ● North American Tractor and Excavator Parts Inc (merged with KTSU Canada Ltd) ● Advancer Global Limited ● AT Group Holdings Co Ltd ● AT Truck & Bus Parts Co Ltd

REPORT OF CORPORATE GOVERNANCE

Details	Name of Director		
	Chen Yong Hua	Neo Cheow Hui	Loy Soo Chew
	<p>Present</p> <ul style="list-style-type: none"> • Shen Zhen Hua Yue Industrial Co., Ltd. • Hua Nan Pte. Ltd. • Guangxi Taihe Shengshi Real Estate Co., Ltd • Hua Nan (Cambodia) Pte. Ltd. • Hua Nan (Laos) Pte. Ltd. • Dongguan Tianhua Chuangzhan Printing Co., Ltd • Maoming Dbs Trading Co., Ltd 	<p>Present</p> <ul style="list-style-type: none"> • GKE Private Limited • GKE Freight Pte. Ltd. • GKE Express Logistics Pte. Ltd. • GKE Services Pte. Ltd. • Marquis Services Pte Ltd • GKE Warehousing & Logistics Pte. Ltd. • GKE Shipping Limited • Fair Chem Industries Pte Ltd • GKE Agritech Pte Ltd 	<p>Present</p> <ul style="list-style-type: none"> • Group Managing Director of Kian Ann Engineering Pte Ltd • Kian Chue Hwa (Industries) Pte Ltd • PT Haneagle Heavyparts Indonesia • Kian Ann Engineering Trading (Shanghai) Co Ltd • Kian Ann Investment Pte Ltd • PT Allegiance Primaparts Indonesia • Kian Ann Districentre Pte Ltd • Invicta Asian Holdings Pte Ltd • Steve Woods Ltd • Allegiance Parts and Services Singapore Pte Ltd • Allegiance Parts (Malaysia) Sdn Bhd • SKL Equipment Private Limited • Modesty Investment Holdings Pte Ltd • Allegiance Automotive Supplies Pte Ltd • Kunshan Kensetsu Buhin Co Ltd • KTSU America LLC • Runwan Districentre (Shanghai) Co Ltd • KTSU Canada Ltd • Jiangsu Kensetsu Buhin Co Ltd

REPORT OF CORPORATE GOVERNANCE

Details	Name of Director			
	Chen Yong Hua	Neo Cheow Hui	Loy Soo Chew	
The general statutory disclosures of the Directors are as follows:				
a.	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
b.	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a Director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
c.	Whether there is any unsatisfied judgment against him?	No	No	No

REPORT OF CORPORATE GOVERNANCE

Details		Name of Director		
		Chen Yong Hua	Neo Cheow Hui	Loy Soo Chew
d.	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
e.	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

REPORT OF CORPORATE GOVERNANCE

Details		Name of Director		
		Chen Yong Hua	Neo Cheow Hui	Loy Soo Chew
f.	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
g.	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
h.	Whether he has ever been disqualified from acting as a Director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

REPORT OF CORPORATE GOVERNANCE

Details		Name of Director		
		Chen Yong Hua	Neo Cheow Hui	Loy Soo Chew
i.	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
j.	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—	No	No	No
	i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
	ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No

REPORT OF CORPORATE GOVERNANCE

Details		Name of Director		
		Chen Yong Hua	Neo Cheow Hui	Loy Soo Chew
	iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
	iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
k.	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
Any prior experience as a Director of an issuer listed on the Exchange?		Yes	Yes	Yes

REPORT OF CORPORATE GOVERNANCE

Details	Name of Director		
	Chen Yong Hua	Neo Cheow Hui	Loy Soo Chew
If yes, please provide details of prior experience.	<ul style="list-style-type: none"> GKE Corporation Limited 	<ul style="list-style-type: none"> GKE Corporation Limited 	<ul style="list-style-type: none"> Advancer Global Limited Kian Ann Engineering Ltd GKE Corporation Limited
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	NA	NA	NA

REPORT OF CORPORATE GOVERNANCE

PARTICULARS OF DIRECTORS PURSUANT TO THE CODE OF CORPORATE GOVERNANCE

Name of Director	Board Appointment Executive/ Non-executive	Board Committees as Chairman or Member	Directorships in other listed companies and other major appointments	Past directorships in other listed companies and other major appointments over the preceding 3 years
Mr. Chen Yong Hua	Executive Chairman and Executive Director	Board Member	Nil	Nil
Mr. Neo Cheow Hui	Chief Executive Officer and Executive Director	Board Member	Nil	Nil
Ms. Qian Wen Hua	Executive Director	Board Member	Nil	Nil
Mr. Loy Soo Chew	Lead Independent Director	Board Member, Chairman of the Audit Committee and Member of Remuneration Committee	<ul style="list-style-type: none"> Kian Ann Engineering Pte. Ltd. (Executive Director) 	<ul style="list-style-type: none"> Advancer Global Limited (Independent Director)
Mr. Andrew Chua Thiam Chwee	Independent Director	Board Member, Chairman of Nominating Committee and Member of Audit Committee	<ul style="list-style-type: none"> KTL Global Limited (Lead Independent Director) 	<ul style="list-style-type: none"> Lum Chang Holdings Limited (Independent Director)
Mr. Ho Ying Ming	Independent Director	Board Member, Chairman of Remuneration Committee and Member of Nominating Committee	<ul style="list-style-type: none"> Shook Lin & Bok LLP (Partner) 	Nil

REPORT OF CORPORATE GOVERNANCE

Name of Director	Board Appointment Executive/ Non-executive	Board Committees as Chairman or Member	Directorships in other listed companies and other major appointments	Past directorships in other listed companies and other major appointments over the preceding 3 years
Mr. Wong Quee Quee, Jeffrey	Independent Director	Board Member, Member of Audit Committee, Nominating Committee and Remuneration Committee	<ul style="list-style-type: none"> ● Procurri Corporation Limited (Independent Director) ● GSS Energy Limited (Independent Director) ● Soochow CSSD Capital Markets (Asia) Pte. Ltd. (CEO and Executive Director) ● Truth Assets Management (S) Pte. Ltd. (Non-Executive Director) ● Truth Wealth Management VCC (Non-Executive Director) ● Hwa Chong Alumni Association (Deputy Secretary General) ● Singapore Judo Federation (Assistant Secretary General) ● Management Committee Strata Title 3682 (Council Member) ● DHC Capital Pte Ltd (Senior Advisor) 	<ul style="list-style-type: none"> ● Rich Capital Holdings Limited (Independent Director) ● Honestbee Pte. Ltd. (Non-Executive Director) ● The Cub SG Pte. Ltd. (Non-Executive Director) ● Solum Capital Limited (Non-Executive Director) ● Sunstone Capital Markets Private Limited (Non-Executive Director)

DIRECTORS' STATEMENT

The Directors hereby present their statement to the members together with the audited consolidated financial statements of GKE Corporation Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 May 2022.

Opinion of the Directors

In the opinion of the Directors,

- (i) the consolidated financial statements of the Group and the balance sheet and the statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2022 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and
- (ii) at the date of this statement, based on the factors described in Note 2.1 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The Directors of the Company in office at the date of this statement are:

Chen Yong Hua	(Executive Chairman and Executive Director)
Neo Cheow Hui	(Chief Executive Officer and Executive Director)
Qian Wen Hua	(Executive Director)
Loy Soo Chew	(Lead Independent Director)
Ho Ying Ming	(Independent Director)
Andrew Chua Thiam Chwee	(Independent Director)
Wong Quee Quee, Jeffrey	(Independent Director)

In accordance with Regulation 107 of the Company’s Constitution, the following Directors would be retiring and being eligible, offered themselves for re-election at the forthcoming AGM for the financial year ended 31 May 2022:

Regulation 107

Chen Yong Hua
Neo Cheow Hui
Loy Soo Chew

Arrangements to enable Directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

Directors' interests in shares and debentures

The following Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act 1967, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of Director	Direct interest			Deemed interest		
	At the beginning of financial year	At the end of financial year	At 21 June 2022	At the beginning of financial year	At the end of financial year	At 21 June 2022
<i>Ordinary shares of the Company</i>						
Chen Yong Hua	17,200,000	17,200,000	17,200,000	50,000,000	50,000,000	50,000,000
Neo Cheow Hui	27,445,300	27,445,300	27,945,300	500,000	500,000	500,000
Qian Wen Hua	56,760,000	56,760,000	56,760,000	-	-	-
<i>Share options of the Company</i>						
Chen Yong Hua	-	682,000	682,000	-	-	-
Neo Cheow Hui	-	682,000	682,000	-	-	-
Qian Wen Hua	-	70,000	70,000	-	-	-
Loy Soo Chew	-	44,000	44,000	-	-	-
Andrew Chua Thiam Chwee	-	47,000	47,000	-	-	-
Ho Ying Ming	-	47,000	47,000	-	-	-
Wong Quee Quee, Jeffrey	-	44,000	44,000	-	-	-

Except as disclosed in this report, no Director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year or on 21 June 2022.

Options

At an Extraordinary General Meeting held on 29 September 2021, shareholders approved the GKE Employee Share Option Scheme 2021 (“**ESOS 2021**”) for the granting of options in respect of ordinary shares in the capital of the Company pursuant to the GKE Employee Share Option Scheme 2021 to the eligible employees and Directors of the Company (“**Participant**”).

The Scheme is administrated by the Company's Remuneration Committee (“**Administrative Committee**”) comprising three (3) Directors, Ho Ying Ming (Chairman), Loy Soo Chew and Wong Quee Quee, Jeffrey.

DIRECTORS' STATEMENT

Options (cont'd)

Other information regarding the Scheme is set out below:

- (i) The aggregate number of shares which may be delivered pursuant to the exercise of Options granted under the ESOS 2021 on any date, shall not exceed 15% of the total number of issued shares.
- (ii) The aggregate number of shares over which the Committee may offer to grant Options to the Controlling Shareholders and their Associate under the ESOS 2021 shall not exceed 25% of the aggregate number of shares available under the ESOS 2021 from time to time. The aggregate number of shares available to each Controlling Shareholder or each of his/her Associates shall not exceed 10% of the total number of shares available under the ESOS 2021 from time to time.
- (iii) The options that are granted under the ESOS 2021, at the Administrative Committee's discretion, was set at a price equal to the average of the last dealt price of the shares on the SGX-ST over the five (5) consecutive trading days immediately preceding the date of grant of that option.
- (iv) Options granted under the ESOS 2021 will have a life span expiring on or before the 10th anniversary of the date of grant in respect of options granted to eligible employees and, on or before the 5th anniversary of the date of grant in respect of options granted to Non-Executive Directors of the Group.
- (v) The ESOS 2021 shall continue to be in force for a maximum period of 10 years from the adoption date and may continue beyond the above stipulated period with the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

At the end of the financial year, details of the options granted under the ESOS 2021 to subscribe for ordinary shares of the Company, are as follows:

Date of grant of options	Exercise price per share (\$)	Outstanding at 1 June 2021	Granted	Outstanding at 31 May 2022	Exercise Period
28/2/2022	0.11	-	4,076,000	4,076,000	28/2/2023-28/2/2032
28/2/2022	0.11	-	182,000	182,000	28/2/2023-28/2/2027
Total			4,258,000	4,258,000	

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

DIRECTORS' STATEMENT

Options (cont'd)

Information on Directors of the Company who have been granted options under the ESOS 2021, and the aggregate number of options granted under the ESOS 2021 to Directors and employees of the Company's subsidiaries, are as follows:

	Options granted for financial year ended 31 May 2022	Aggregate options granted since commencement of the ESOS 2021 to 31 May 2022	Aggregate options exercised since commencement of the ESOS 2021 to 31 May 2022	Aggregate options outstanding as at 31 May 2022
Directors				
Chen Yong Hua	682,000	682,000	–	682,000
Neo Cheow Hui	682,000	682,000	–	682,000
Qian Wen Hua	70,000	70,000	–	70,000
Loy Soo Chew	44,000	44,000	–	44,000
Andrew Chua Thiam Chwee	47,000	47,000	–	47,000
Ho Ying Ming	47,000	47,000	–	47,000
Wong Quee Quee, Jeffrey	44,000	44,000	–	44,000

Audit Committee

The audit committee ("AC") carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act 1967 including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the internal and external auditors;
- Reviewed the interim and full-year financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors;
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;
- Met with the internal and external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- Reviewed the nature and extent of non-audit services provided by the external auditor;

DIRECTORS' STATEMENT

Options (cont'd)

- Recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- Reported actions and minutes of the AC to the Board of Directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Rules of Catalist of the SGX-ST.

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors:

Neo Cheow Hui
Director

Qian Wen Hua
Director

Singapore
1 September 2022

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 May 2022

Independent auditor's report to the members of GKE Corporation Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of GKE Corporation Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”), which comprise the balance sheets of the Group and the Company as at 31 May 2022, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the “**Act**”) and Singapore Financial Reporting Standards (International) in Singapore (“**SFRS(I)**”) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 May 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (the “**SSAs**”). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (the “**ACRA**”) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (the “**ACRA Code**”) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 May 2022

Independent auditor's report to the members of GKE Corporation Limited

Key Audit Matters (cont'd)

Accounting for business combinations

The Group gained control over Fair Chem Industries Pte Ltd (“**FCI**”) through the acquisition of 100% of the equity interest of FCI as of 28 January 2022, of which the purchase consideration of \$12.4 million was settled in cash.

The acquisition of FCI was accounted for using the acquisition method. The Group engaged an external valuation specialist to assist them with the allocation of the purchase consideration to the assets acquired and liabilities assumed, and the measurement of their respective fair values at acquisition date. As disclosed in Note 12 to the financial statements, significant management estimates involved in the Purchase Price Allocation (“**PPA**”) exercise, mainly relate to the fair value measurement of the assets acquired and liabilities assumed. Given the significance of the acquisition and significant management estimates required in accounting for the acquisition, we considered this to be a key audit matter.

In auditing the accounting of the acquisition, we assessed the appropriateness of the identifiable assets acquired and liabilities assumed at the acquisition date by reading and analysing the key terms in the sales and purchase agreements and making enquires with the Group management on the reasons for the acquisition. We also engaged our internal specialists to assist us in reviewing the valuation methodologies and certain key assumptions used by the external valuation specialist in the valuation of acquired assets and liabilities assumed, and considered the objectivity, independence and capabilities of the external specialist.

Furthermore, we assessed the adequacy of the disclosures in Note 12 to the financial statements concerning the acquisition.

Impairment assessment on goodwill

As at 31 May 2022, the Group has goodwill amounting to \$3,341,000. The Group allocated the goodwill to the relevant cash generating units (“**CGUs**”) for impairment testing as disclosed in Note 11 to the financial statements. The impairment test is a key audit matter due to the significant judgments and assumptions made by management in determining the recoverable amount of the CGUs using the value-in-use method. The key assumptions used to determine the recoverable value include forecasted revenue growth rates, gross profit margin, discount rates and long-term growth rates which are affected by uncertainties around future market or economic conditions.

We obtained management's value-in-use calculations and agreed the cash flow forecasts to the approved financial budget and forecasts by directors. We also tested the mathematical accuracy of the underlying value-in-use calculations. We inquired with management to understand their basis for determining the key assumptions used such as revenue growth rates, gross profit margin, discount rates and long-term growth rates. We assessed the reasonableness of these key assumptions by comparing them to economic growth forecasts from public sources of information, historical performance of the CGUs, including management's consideration of the potential impact that COVID-19 pandemic has on the Group's operations. We involved our internal specialist to assist us in evaluating the reasonableness of the discount rates used in the determination of the recoverable amount of the CGUs by comparing to entities with similar industry and geographical profiles and market information. We also tested management's sensitivity analysis around the key assumptions used and considered the outcomes of management's assessment.

Furthermore, we assessed the adequacy of the disclosures in Note 11 to the financial statements concerning goodwill.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 May 2022

Independent auditor's report to the members of GKE Corporation Limited

Key Audit Matters (cont'd)

Impairment of trade receivables

As at 31 May 2022, the carrying amount of the Group's trade receivables amounted to \$37,142,000. This represents 17.4% of total assets on the consolidated financial statements and was significant to the Group. The Group applied the simplified approach in calculating expected credit loss and recognised loss allowance based on lifetime expected losses at each reporting date. Trade receivables that are credit impaired are assessed for impairment by making debtor-specific assessment. The Group provides for lifetime expected credit losses using a provision matrix. The provision rates are determined based on the Group's historical default rates analysed in accordance to days past due by grouping customers based on customer profiles, adjusted for current and forward-looking information. Given the magnitude and that impairment assessment of trade receivables requires significant management judgment, we determined that this is a key audit matter.

As part of the audit, we obtained an understanding of the Group's processes and key controls relating to the monitoring of trade receivables including the process in determining whether a debtor is credit impaired. We reviewed the key data sources and assumptions used in the determination of default rate and the current and forward-looking information in view of the current market condition. We considered the age of the debts as well as the collection trends to identify any potential collection risks. We requested trade receivable confirmations and reviewed receipts from the debtors subsequent to the year end to assess the collectability of the debts. We had discussions with management on the recoverability of long outstanding debts and analysed the Group's trend of collections for long outstanding trade debtors.

We also assessed the adequacy of the disclosures related to the Group's trade receivables in Note 15 to the financial statements.

Other Information

Management is responsible for the other information. The other information comprises information included in the Annual Report 2022, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 May 2022

Independent auditor's report to the members of GKE Corporation Limited

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 May 2022

Independent auditor's report to the members of GKE Corporation Limited

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Philip Ling Soon Hwa.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

1 September 2022

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 May 2022

	Note	2022 \$'000	2021 \$'000
Revenue	4	104,803	118,986
Cost of sales		(78,526)	(90,289)
Gross profit		26,277	28,697
Other income	5	2,131	7,293
Expenses			
Marketing and distribution costs		(330)	(337)
Administrative expenses		(16,959)	(15,830)
Finance costs	6	(2,879)	(2,808)
Other credit		84	233
Share of results of associates		200	(90)
Profit before tax	7	8,524	17,158
Tax expense	8	(3,822)	(5,284)
Profit for the year		4,702	11,874
Profit attributable to:			
Owners of the Company		4,702	11,530
Non-controlling interests		-	344
Profit for the year		4,702	11,874
Earnings per share (cents per share) attributable to owners of the Company			
- Basic	9	0.61	1.49
- Diluted	9	0.61	1.49

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 May 2022

	2022	2021
	\$'000	\$'000
Profit for the year	4,702	11,874
<i>Other comprehensive income</i>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net change in fair value of cash flow hedges	1,204	903
Foreign currency translation	(202)	1,101
Realisation of foreign currency translation reserve from disposal of subsidiaries	–	(477)
Other comprehensive income for the year, net of tax	1,002	1,527
Total comprehensive income for the year	5,704	13,401
Attributable to:		
Owners of the Company	5,704	12,920
Non-controlling interests	–	481
Total comprehensive income for the year	5,704	13,401

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEET

As at 31 May 2022

	Note	Group		Company	
		31 May 2022	31 May 2021	31 May 2022	31 May 2021
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	132,436	123,394	252	245
Intangible assets	11	5,696	4,874	–	–
Investments in subsidiaries	12	–	–	57,157	43,792
Investments in associates	13	2,054	1,884	–	–
Financial assets at fair value through profit or loss	14	178	267	67	155
Other receivables	15	–	–	9,346	9,737
Total non-current assets		140,364	130,419	66,822	53,929
Current assets					
Inventories	16	1,065	687	–	–
Trade and other receivables	15	42,526	48,414	11,060	11,618
Prepaid operating expenses		1,846	1,663	73	33
Derivative financial assets	26	67	–	–	–
Cash and short-term deposit	17	27,106	30,889	5,783	13,489
Total current assets		72,610	81,653	16,916	25,140
Total assets		212,974	212,072	83,738	79,069
EQUITY AND LIABILITIES					
Equity					
Share capital	18	85,145	85,145	85,145	85,145
Treasury shares	19	(1,531)	(1,531)	(1,531)	(1,531)
Retained earnings/ (accumulated losses)		5,835	4,502	(27,330)	(26,965)
Other reserves	20	1,562	259	(65)	(97)
Total equity		91,011	88,375	56,219	56,552
Net current assets/(liabilities)		29,378	39,007	(4,395)	5,092

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEET

As at 31 May 2022

	Note	Group		Company	
		31 May 2022	31 May 2021	31 May 2022	31 May 2021
		\$'000	\$'000	\$'000	\$'000
Non-current liabilities					
Other liabilities	21	2,164	2,322	–	–
Borrowings	22	50,480	52,907	6,117	2,455
Lease liabilities	23	22,905	24,604	57	–
Deferred tax liabilities	24	3,182	1,218	34	14
Total non-current liabilities		78,731	81,051	6,208	2,469
Current liabilities					
Trade and other payables	25	14,049	16,709	17,790	17,512
Other liabilities	21	8,173	7,813	1,518	1,767
Derivative financial liabilities	26	–	1,364	–	–
Borrowings	22	12,557	9,932	1,939	545
Lease liabilities	23	6,106	5,728	36	130
Tax payable		2,347	1,100	28	94
Total current liabilities		43,232	42,646	21,311	20,048
Total liabilities		121,963	123,697	27,519	22,517
Total equity and liabilities		212,974	212,072	83,738	79,069

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 May 2022

Group 2022	Note	Share capital \$'000	Treasury shares \$'000	Accumulated losses/ Retained earnings \$'000	Other reserves total \$'000	Cash flow				Share based payments reserve \$'000	Total equity \$'000
						Share capital	Treasury shares	Retained earnings	Other reserves total		
Balance at 1 June 2021		85,145	(1,531)	4,502	259	(1,133)	806	1,519	(933)	-	88,375
Profit for the year		-	-	4,702	-	-	-	-	-	-	4,702
Other comprehensive income:											
- Foreign currency translation		-	-	-	(202)	-	(202)	-	-	-	(202)
- Net change in fair value of cash flow hedges		-	-	-	1,204	1,204	-	-	-	-	1,204
Other comprehensive income for the year, net of tax		-	-	-	1,002	1,204	(202)	-	-	-	1,002
Total comprehensive income for the year		-	-	4,702	1,002	1,204	(202)	-	-	-	5,704
Contributions by and distributions to owners:											
- Dividends paid to ordinary shares	30	-	-	(3,100)	-	-	-	-	-	-	(3,100)
- Share based payments	20(iv)	-	-	-	32	-	-	-	-	32	32
Total contributions by and distributions to owners		-	-	(3,100)	32	-	-	-	-	32	(3,068)
Total transactions with owners in their capacity as owners		-	-	(3,100)	32	-	-	-	-	32	(3,068)
Others											
Transfer to statutory reserve	20(v)	-	-	(269)	269	-	-	269	-	-	-
Closing balance at 31 May 2022		85,145	(1,531)	5,835	1,562	71	604	1,788	(933)	32	91,011

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 May 2022

Group 2021	Attributable to owners of the Company											
	Note	Share capital \$'000	Treasury shares \$'000	(Accumulated losses)/ Retained earnings \$'000	Other reserves total \$'000	Cash flow hedge reserve \$'000	Translation reserve \$'000	Statutory reserve \$'000	Capital reserve \$'000	Total equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 June 2020		85,145	(1,062)	(6,251)	(1,072)	(2,036)	319	742	(97)	76,760	4,818	81,578
Profit for the year		-	-	11,530	-	-	-	-	-	11,530	344	11,874
Other comprehensive income:												
- Foreign currency translation		-	-	-	964	-	964	-	-	964	137	1,101
- Net change in fair value of cash flow hedges		-	-	-	903	903	-	-	-	903	-	903
- Realisation of foreign currency translation reserve from disposal of subsidiaries		-	-	-	(477)	-	(477)	-	-	(477)	-	(477)
Other comprehensive income for the year, net of tax		-	-	-	1,390	903	487	-	-	1,390	137	1,527
Total comprehensive income for the year		-	-	11,530	1,390	903	487	-	-	12,920	481	13,401
Contributions by and distributions to owners:												
- Dividends paid on non-controlling shares		-	-	-	-	-	-	-	-	-	(225)	(225)
- Purchase of treasury shares	19	-	(469)	-	-	-	-	-	-	(469)	-	(469)
Total contributions by and distributions to owners		-	(469)	-	-	-	-	-	-	(469)	(225)	(694)
Changes in ownership interests in subsidiaries:												
- Disposal of subsidiaries		-	-	-	-	-	-	-	-	-	(3,210)	(3,210)
- Acquisition of additional shares in a subsidiary	20(iii)	-	-	-	(836)	-	-	-	(836)	(836)	(1,864)	(2,700)
Total changes in ownership interests in subsidiaries		-	-	-	(836)	-	-	-	(836)	(836)	(5,074)	(5,910)
Total transactions with owners in their capacity as owners		-	(469)	-	(836)	-	-	-	(836)	(1,305)	(5,299)	(6,604)
Others												
Transfer to statutory reserve	20(v)	-	-	(777)	777	-	-	777	-	-	-	-
Closing balance at 31 May 2021		85,145	(1,531)	4,502	259	(1,133)	806	1,519	(933)	88,375	-	88,375

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 May 2022

Company 2022	Note	Share capital	Treasury shares	Accumulated losses	Other reserves total	Capital reserve	Share based payment reserve	Total equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 June 2021		85,145	(1,531)	(26,965)	(97)	(97)	-	56,552
Profit for the year		-	-	2,735	-	-	-	2,735
Total comprehensive income for the year		-	-	2,735	-	-	-	2,735
<u>Contributions by and distributions to owners:</u>								
Dividend paid to ordinary shares	30	-	-	(3,100)	-	-	-	(3,100)
Share based payments	20(iv)	-	-	-	32	-	32	32
Total contributions by and distributions to owners		-	-	(3,100)	32	-	32	(3,068)
Closing balance at 31 May 2022		85,145	(1,531)	(27,330)	(65)	(97)	32	56,219

Company 2021	Note	Share capital	Treasury shares	Accumulated losses	Capital reserve	Total equity
		\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 June 2020		85,145	(1,062)	(30,696)	(97)	53,290
Profit for the year		-	-	3,731	-	3,731
Total comprehensive income for the year		-	-	3,731	-	3,731
<u>Contributions by and distributions to owners:</u>						
Purchase of treasury shares	19	-	(469)	-	-	(469)
Total contributions by and distributions to owners		-	(469)	-	-	(469)
Closing balance at 31 May 2021		85,145	(1,531)	(26,965)	(97)	56,552

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 May 2022

	Note	2022 \$'000	2021 \$'000
Cash flows from operating activities:			
Profit before tax		8,524	17,158
Adjustments for:			
Depreciation of property, plant and equipment	10	13,997	15,633
Gain on disposal of financial assets at fair value through profit or loss		–	(109)
Amortisation of intangible assets – customer relationships	11	372	305
Gain on disposal of property, plant and equipment	5	(71)	(45)
Gain on disposal of investment in subsidiaries	5	–	(2,549)
Impairment loss on goodwill	11	–	402
Gain on bargain purchase	12	(235)	–
Allowance for expected credit loss	7	910	789
Bad debts charged	7	–	179
Fair value loss/(gain) on financial assets	14	88	(90)
Property, plant and equipment written off	7	–	5
Interest income	5	(16)	(30)
Interest expense	6	2,879	2,808
Share of results of associates		(200)	90
Share based payment expenses		32	–
Effect of exchange rate changes		(6)	216
Operating cash flows before changes in working capital		26,274	34,762
Changes in working capital:			
Increase in inventories		(138)	(347)
Increase/(decrease) in trade and other receivables		4,978	(8,066)
Increase in prepaid operating expenses		(161)	(330)
Increase in trade and other payables		1,991	3,489
(Decrease)/increase in other liabilities		(4,429)	259
Cash flows from operations		28,515	29,767
Interest received		16	30
Net income tax paid		(2,533)	(4,629)
Net cash flows from operating activities		25,998	25,168
Cash flows from investing activities:			
Capital contribution into investment in associate		–	(930)
Net cash outflow on acquisition of a subsidiary	12(c)	(12,055)	–
Net cash inflow from disposal of subsidiaries	12(b)	–	5,649
Proceeds from disposal of financial assets at fair value through profit or loss		–	251
Proceeds from disposal of property, plant and equipment		85	173
Purchase of property, plant and equipment (Note A)		(5,850)	(5,511)
Net cash flows used in investing activities		(17,820)	(368)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 May 2022

	Note	2022 \$'000	2021 \$'000
Cash flows from financing activities:			
Acquisition of non-controlling interests		–	(2,700)
Dividends paid to non-controlling interests		–	(225)
Dividends paid to ordinary shareholders		(3,100)	–
Interest paid		(2,861)	(2,808)
Purchase of treasury shares	19	–	(469)
Repayment of principal portion of lease liabilities		(6,179)	(8,293)
Proceeds from loans and borrowings		9,679	6,627
Repayment of loans and borrowings		(9,400)	(8,891)
Decrease in short-term deposit – pledged		1,410	982
Net cash flows used in financing activities		(10,451)	(15,777)
Net (decrease)/increase in cash and cash equivalents		(2,273)	9,023
Cash and cash equivalents at 1 June		29,479	20,708
Effect of exchange rate changes on cash and cash equivalents		(100)	(252)
Cash and cash equivalents at 31 May	17	27,106	29,479

Note A:

During the financial year, the Company acquired property, plant and equipment with an aggregate cost of \$9,196,000 (2021: \$22,796,000) of which \$1,986,000 (2021: \$14,696,000) relates to the new leases of right-of-use assets which were not acquired by means of hire purchase and \$1,360,000 (2021: \$2,589,000) were acquired by means of hire purchase arrangements. Cash payments of \$5,850,000 (2021: \$5,511,000) were made to purchase property, plant and equipment.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

1. Corporate information

GKE Corporation Limited (the “**Company**”) is a limited liability company incorporated and domiciled in Singapore and is listed on Catalist which is a market on Singapore Exchange Securities Trading Limited.

The registered office and principal place of business of the Company is located at 39 Benoi Road #06-01 Singapore 627725.

The principal activities of the Company are those of an investment holding company and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)**”).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or \$) and all values are rounded to the nearest thousand (\$'000) as indicated, except when otherwise indicated.

As at 31 May 2022, the Company’s current liabilities exceeded its current assets by \$4,395,000. The directors have considered the financial position of the Company and are of the opinion that the going concern basis is appropriate for the preparation of the financial statements in view of the following:

- The subsidiary of the Company, GKE Warehousing & Logistics Pte Ltd, has given a written confirmation that it will not be demanding immediate payments for the loan payable from the Company amounting to \$15,178,000 (Note 25) as at 31 May 2022,
- The Company has the right to call for dividend from its subsidiaries in order to pay its debts as and when they fall due.

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 June 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to SFRS(I) 1-16 <i>Property, Plant and Equipment: Proceeds before Intended Use</i>	1 January 2022
Amendments to SFRS(I) 1-37 <i>Onerous Contracts – Costs of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to SFRS(I)s	1 January 2022
Amendments to SFRS(I) 1-1 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) <i>Practice Statement 2: Disclosure of Accounting Policies</i>	1 January 2023
Amendments to SFRS(I) 1-8 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to SFRS(I) 1-12 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

Management expects that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

(a) Basis of consolidation (cont'd)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

(b) Business combinations and goodwill (cont'd)

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

2. Summary of significant accounting policies (cont'd)

2.6 Foreign currency (cont'd)

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land, buildings and improvements	–	12 to 50 years
Cement plant and related equipment	–	10 to 49 years
Furniture, fittings and office equipment	–	1 to 5 years
Motor vehicles, trailers and forklifts	–	5 to 10 years
Warehouse equipment	–	2 to 15 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.8 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation. The land use rights are amortised on a straight-line basis over its the lease term of 50 years. The land use rights are accounted for as right-of-use assets as disclosed in Note 2.22(a).

2.9 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

2. Summary of significant accounting policies (cont'd)

2.9 Intangible assets (cont'd)

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Customer relationships

Intangible assets acquired in business combinations, such as customer relationships, are amortised on a straight-line basis over their finite useful lives of 2 to 7 years.

Mining rights

Mining rights acquired by the Group's wholly owned subsidiary, Wuzhou Xing Jian Readymix Co., Ltd, are amortised over the units of production method after the mining operation commenced.

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

2. Summary of significant accounting policies (cont'd)

2.11 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less accumulated impairment losses.

2.12 *Joint ventures and associates*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates and joint ventures are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associates are accounted for at cost less accumulated impairment losses.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

2. Summary of significant accounting policies (cont'd)

2.13 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the entity becomes party to the contractual provisions of the financial instrument.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investment in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

(ii) Fair value through other comprehensive income ("FVOCI")

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value.

Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

2. Summary of significant accounting policies (cont'd)

2.13 *Financial instruments (cont'd)*

(a) *Financial assets (cont'd)*

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Investment in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income ("OCI"). Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

2. Summary of significant accounting policies (cont'd)

2.13 *Financial instruments (cont'd)*

(b) *Financial liabilities (cont'd)*

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.14 *Derivative financial instruments and hedge accounting*

The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting.

For the purpose of hedge accounting of the Group, hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income, while any ineffective portion is recognised immediately in profit or loss.

The Group uses interest rate swap contracts to hedge its risks associated with interest rate fluctuations.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

When a cash flow hedge is discontinued, the cumulative gain or loss previously recognised in other comprehensive income will remain in the cash flow hedge reserve until the future cash flows occur if the hedged future cash flows are still expected to occur or reclassified to profit or loss immediately if the hedged future cash flows are no longer expected to occur.

2.15 *Impairment of financial assets*

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

2. Summary of significant accounting policies (cont'd)

2.15 *Impairment of financial assets (cont'd)*

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group calculates ECLs for trade receivables initially based on the Group's historical observed default rates and adjusts based on the forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.16 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at banks and on hand and a short-term deposit, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.17 *Inventories*

Inventories comprise raw materials and finished goods.

Inventories are stated at the lower of cost and net realisable value. Costs comprise of purchase costs accounted for on a weighted average cost basis. In the case of finished goods, costs also include a proportion of manufacturing overheads based on normal operating capacity.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.18 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

2. Summary of significant accounting policies (cont'd)

2.19 **Government grants**

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to income, the grant is recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented as a credit in profit or loss, under "Other income".

2.20 **Borrowing costs**

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.21 **Employee benefits**

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Singapore

The Group makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. The Group makes monthly contributions based on stipulated contribution rates.

People's Republic of China ("PRC")

Subsidiaries incorporated and operating in the PRC are required to provide certain staff pension benefits to their employees under existing PRC regulations. Contributions are provided at rates stipulated by PRC regulations and are contributed to a pension fund managed by government agencies, which are responsible for administering these amounts for the subsidiaries' PRC employees.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

2. Summary of significant accounting policies (cont'd)

2.21 *Employee benefits (cont'd)*

(c) *Share based compensation*

The fair value of employee services received in exchange for equity-settled share-based remuneration plans granted to employees is recognised as variable share-based payment to employees in profit or loss with a corresponding increase in the share-based payment reserve over the vesting period. The amount is determined by reference to the fair value of the shares on grant date and the expected number of shares to be vested on vesting date.

At the end of each financial reporting period, the Company revises its estimates of the expected number of shares that the participants are expected to receive. Any changes to the expected number of shares to be vested will entail a corresponding adjustment to the share based payment to employees and share based payment reserve.

2.22 *Leases*

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) *As lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Warehouses and dormitories	–	1 to 18 years
Forklifts and motor vehicles	–	1 to 4 years
Plant and machinery	–	10 years
Land use rights	–	50 years

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

2. Summary of significant accounting policies (cont'd)

2.22 Leases (cont'd)

(a) As lessee (cont'd)

Right-of-use assets

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.10.

The Group's right-of-use assets are presented within property, plant and equipment (Note 10).

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

2. Summary of significant accounting policies (cont'd)

2.22 Leases (cont'd)

(b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.23 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue is the amount allocated to the satisfied performance obligation.

(a) *Rendering of services*

Revenue from services is recognised over time as services are rendered under the terms of the contract.

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

(b) *Interest income*

Interest income is recognised using the effective interest method.

(c) *Dividend income*

Dividend income is recognised when the Group's right to receive payment is established.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

2. Summary of significant accounting policies (cont'd)

2.23 Revenue (cont'd)

(d) *Rental income*

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(e) *Sale of goods*

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The amount of revenue recognised is based on the contractual price. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or possible return of goods.

2.24 Taxes

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

2. Summary of significant accounting policies (cont'd)

2.24 Taxes (cont'd)

(b) *Deferred tax (cont'd)*

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

2. Summary of significant accounting policies (cont'd)

2.25 *Share capital and share issuance expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.26 *Treasury shares*

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.27 *Contingencies*

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.28 *Biological assets*

Crops are accounted for as biological assets until the point of harvest. Biological assets are measured on initial recognition and at the end of each reporting period at fair value less costs to sell. Changes in fair value of crops are recognised in profit or loss as part of cost of sales. Costs related to growing and harvesting the crops are expensed as incurred. Costs incurred in growing the crops, including any applicable harvest costs, are recognised as part of cost of sales. At the time of harvest, crops are measured at fair value less costs to sell and transferred to inventories.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

3. Significant accounting judgments and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to carrying amount of the asset or liability affected in the future periods.

3.1 *Judgments made in applying accounting policies*

Management is of the opinion that there is no significant judgment made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future development, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) *Impairment of goodwill*

As disclosed in Note 11 to the financial statements, the recoverable amounts of the cash generating units, which goodwill has been allocated to, are determined based on value in use calculations. The value in use calculations are based on discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 11 to the financial statements.

As a result of potential business growth and future improved performances of GKE Services Pte. Ltd., the Group did not recognise any impairment charge during the financial year (Impairment charge 2021: \$402,000).

(b) *Provision of expected credit loss of trade receivables*

The Group determines impairment of trade receivables by making debtor-specific assessment. In addition, the Group uses a provision matrix to calculate ECL for the remaining trade receivables. The provision rates are based on days past due for groupings of customers based on customer profiles.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

3. Significant accounting judgments and estimates (cont'd)

3.2 Key sources of estimation uncertainty

(b) *Provision of expected credit loss of trade receivables (cont'd)*

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The carrying amount of the Group's trade receivables and information about the ECL are disclosed in Note 15.

(c) *Share based payments*

Estimating fair value for share based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them.

The Group initially measures the fair value of equity-settled transactions with employees at the grant date using the Black-Scholes Option model for Employee Share Option Scheme 2021 ("ESOS 2021"). The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 20.

(d) *Acquisition of a subsidiary*

The fair value measurement of assets acquired and liabilities assumed with business combinations is determined by the Directors at the date of acquisition using the acquisition method whereby identifiable assets acquired and liabilities assumed are measured at fair value at the date on which control is gained. Management has also engaged an external valuation specialist to assist them with the allocation of purchase consideration to the identified acquired assets and liabilities, and the measurement of their respective fair values at acquisition date.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

4. Revenue

	Group	
	2022	2021
	\$'000	\$'000
Major product or service lines		
Sale of goods	32,495	53,043
Services rendered	37,251	34,283
Rental income	35,057	31,660
	104,803	118,986
Timing of transfer of goods or services		
At a point in time	32,495	53,043
Over time	72,308	65,943
	104,803	118,986

5. Other income

	Group	
	2022	2021
	\$'000	\$'000
Gain on disposal of financial assets at fair value through profit or loss	-	109
Gain on disposal of investment in subsidiaries	-	2,549
Gain on disposal of property, plant and equipment	71	45
Grant income from government	1,638	4,142
Interest income	16	30
Others	406	418
	2,131	7,293

6. Finance costs

	Group	
	2022	2021
	\$'000	\$'000
Interest expense on:		
- Bank loans	1,735	2,059
- Interest on lease liabilities	1,144	745
- Others	-	4
Total finance costs	2,879	2,808

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

7. Profit before tax

The following items have been included in arriving at profit before tax:

	Group	
	2022 \$'000	2021 \$'000
Audit fees paid to:		
- Auditors of the Company	189	175
- Affiliates of auditors of the Company	32	26
- Other auditors	24	34
Non-audit fees paid to:		
- Auditors of the Company	31	55
Amortisation of intangible assets – customer relationships	372	305
Net foreign exchange gain	(84)	(233)
Allowance for expected credit loss	910	789
Bad debts charged	–	179
Depreciation of property, plant and equipment	13,997	15,633
Gain on disposal of financial assets at fair value through profit or loss	–	(109)
Employee benefits expense (including Directors)		
- Salaries and related cost	32,623	27,708
- Contribution to defined contribution plans	2,672	2,600
Fair value loss/(gain) on financial assets	88	(90)
Impairment loss on goodwill	–	402
Legal and professional fee	350	205
Property, plant and equipment written off	–	5
Share based payment expenses	32	–

Employee benefits expense includes the remuneration of Directors and key management personnel as set out in Note 33(b).

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

8. Income tax expense

(a) *Major components of income tax expense*

The major components of income tax expense for the years ended 31 May 2022 and 2021 are:

	Group	
	2022	2021
	\$'000	\$'000
Consolidated income statement:		
Current income tax:		
- Current income taxation	3,405	4,493
- Under/(over) provision in respect of previous years	30	(96)
	3,435	4,397
Deferred income tax:		
- Origination and reversal of temporary differences	382	868
- Under provision in respect of previous years	5	19
	387	887
Income tax expense recognised in profit or loss	3,822	5,284

(b) *Relationship between tax expense and accounting profit*

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 May 2022 and 2021 is as follows:

	Group	
	2022	2021
	\$'000	\$'000
Profit before tax	8,524	17,158
Tax at the domestic rates applicable to profits in the countries where the Group operates	1,657	3,207
Adjustments:		
Non-deductible expenses	2,203	3,424
Income not subject to taxation	(163)	(1,441)
Effect of tax incentives	(36)	(46)
Under/(over) provision in respect of previous years income tax	30	(96)
Under provision in respect of previous years deferred income tax	5	19
Deferred tax assets not recognised	50	19
Benefits of previously unrecognised tax losses	-	(65)
Others	76	263
Income tax expense recognised in profit or loss	3,822	5,284

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

9. Earnings per share

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year (excluding treasury shares).

Diluted earnings per share amounts are calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 May:

	Group	
	Basic and diluted	
	2022	2021
	\$'000	\$'000
Profit attributable to owners of the Company used in the computation of basic and diluted earnings per share	4,702	11,530
	No. of shares	No. of shares
	'000	'000
Weighted average number of ordinary shares for basic and diluted earnings per share computation	775,124	776,340

For the year ended 31 May 2022, 4,258,000 share options have not been considered in the calculation of diluted earnings per share as the average price of ordinary shares from 28 February 2022, the date of grant of share options, to year end was lower than the exercise price of the share options .

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

10. Property, plant and equipment

Group 2022	At cost							Total \$'000
	Leasehold land, buildings and improvements \$'000	Cement plant and related equipment \$'000	Furniture, fittings and office equipment \$'000	Motor vehicles, trailers and forklifts \$'000	Warehouse equipment \$'000	Right-of- use assets \$'000		
Cost:								
At 1 June 2021	105,483	7,572	3,673	10,743	7,570	51,890	186,931	
Additions	1,837	78	769	1,107	1,897	3,508	9,196	
Acquisition of subsidiary	12,000	-	47	93	352	1,517	14,009	
Reclassification	-	-	-	3,363	-	(3,363)	-	
Disposals	-	-	(35)	(511)	(8)	(414)	(968)	
Write-off	-	-	(79)	(86)	(9)	(1,854)	(2,028)	
Exchange differences	-	(94)	(5)	(45)	(30)	(86)	(260)	
At 31 May 2022	119,320	7,556	4,370	14,664	9,772	51,198	206,880	
Accumulated depreciation:								
At 1 June 2021	30,245	1,294	2,598	8,727	3,454	17,219	63,537	
Depreciation charge for the year	5,409	320	462	582	712	6,512	13,997	
Reclassification	-	-	-	1,926	-	(1,926)	-	
Disposals	-	-	(34)	(508)	(4)	(407)	(953)	
Write-off	-	-	(79)	(86)	(9)	(1,854)	(2,028)	
Exchange differences	-	(24)	(3)	(41)	(1)	(40)	(109)	
At 31 May 2022	35,654	1,590	2,944	10,600	4,152	19,504	74,444	
Net carrying amount:								
At 31 May 2022	83,666	5,966	1,426	4,064	5,620	31,694	132,436	

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

10. Property, plant and equipment (cont'd)

Group 2021	At cost						Right-of-use assets	Total
	Leasehold land, buildings and improvements	Cement plant and related equipment	Furniture, fittings and office equipment	Motor vehicles, trailers and forklifts	Warehouse equipment			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Cost:								
At 1 June 2020	118,364	6,557	2,800	10,426	6,381	36,711	181,239	
Additions	314	672	840	1,309	1,237	18,424	22,796	
Disposal of subsidiaries	(13,860)	-	(3)	(161)	-	(3,567)	(17,591)	
Disposals	-	-	(4)	(994)	(13)	(76)	(1,087)	
Write-off	-	-	(24)	-	(40)	-	(64)	
Exchange differences	665	343	64	163	5	398	1,638	
At 31 May 2021	105,483	7,572	3,673	10,743	7,570	51,890	186,931	
Accumulated depreciation:								
At 1 June 2020	26,908	954	2,268	8,707	2,865	9,737	51,439	
Depreciation charge for the year	5,414	286	350	961	633	7,989	15,633	
Disposal of subsidiaries	(2,173)	-	(3)	(161)	-	(515)	(2,852)	
Disposals	-	-	(3)	(929)	(5)	(22)	(959)	
Write-off	-	-	(20)	-	(39)	-	(59)	
Exchange differences	96	54	6	149	-	30	335	
At 31 May 2021	30,245	1,294	2,598	8,727	3,454	17,219	63,537	
Net carrying amount:								
At 31 May 2021	75,238	6,278	1,075	2,016	4,116	34,671	123,394	

During the year, the total gain on disposal of property, plant and equipment amounted to \$71,000 (2021: \$45,000).

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

10. Property, plant and equipment (cont'd)

	Furniture, fittings and office equipment \$'000	Motor Vehicle \$'000	Right-of-use assets \$'000	Total \$'000
Company 2022				
Cost:				
At 1 June 2021	203	–	524	727
Additions	97	–	–	97
Reclassification	–	209	(209)	–
Disposal	(2)	–	–	(2)
Write-off	(5)	–	–	(5)
At 31 May 2022	293	209	315	817
Accumulated depreciation:				
At 1 June 2021	179	–	303	482
Reclassification	–	209	(209)	–
Depreciation charge for the year	27	–	63	90
Disposal	(2)	–	–	(2)
Write-off	(5)	–	–	(5)
At 31 May 2022	199	209	157	565
Net carrying amount:				
At 31 May 2022	94	–	158	252

	Furniture, fittings and office equipment \$'000	Right-of-use assets \$'000	Total \$'000
Company 2021			
Cost:			
At 1 June 2020	183	524	707
Additions	20	–	20
At 31 May 2021	203	524	727
Accumulated depreciation:			
At 1 June 2020	146	240	386
Depreciation charge for the year	33	63	96
At 31 May 2021	179	303	482
Net carrying amount:			
At 31 May 2021	24	221	245

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

10. Property, plant and equipment (cont'd)

Leasehold properties and improvements

As at 31 May 2022, the Group's leasehold properties comprise the following:

Location	Title	Description
No. 6 Pioneer Walk Singapore 627751	Leasehold 30 years from 1 May 2006	2-storey ramp-up warehouse building with 4-storey ancillary office building
No. 39 Benoi Road Singapore 627725	Leasehold 35 years and 11.5 months from 1 March 2001	5-storey ramp-up warehouse building with ancillary office
7 Kwong Min Road Singapore 628710	Leasehold 30 year with effect from 1 July 1998	2-storey warehouse building with ancillary office
3 Tuas Avenue Singapore 639069	Leasehold 17 years and 8 months with effect from 1 September 2020	3-storey detached factory with ancillary office

Land use rights

As at 31 May 2022, the Group has land use rights (Note 23) included in right-of-use assets which comprise the following:

- (a) A plot of state-owned land in Wuzhou, PRC where the Group has constructed a ready-mix concrete plant. The land use rights are transferable and have a remaining tenure of 43 years (2021: 44 years).
- (b) A plot of state-owned land in Cenxi, PRC where the Group is constructing a ready-mix concrete plant. The land use rights are transferable and have a remaining tenure of 48 years (2021: 49 years).

Assets held under finance leases

Right-of-use assets acquired under leasing arrangements are disclosed in Note 23.

The carrying amount of assets held under finance leases, primarily motor vehicles, trailers and forklifts at the end of the reporting period was \$5,577,000 (2021: \$8,070,000).

Certain leased assets are pledged as security for the related financing loan.

Assets pledged as security

In addition to assets held under finance leases, the Group's leasehold land, buildings and improvements with a carrying amount of \$71,912,000 (2021: \$75,238,000) are mortgaged to secure the Group's bank loans (Note 22).

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

11. Intangible assets

	Group			Total \$'000
	Goodwill \$'000	Customer relationships \$'000	Mining rights \$'000	
Cost:				
At 1 June 2020	5,655	4,019	1,032	10,706
Exchange Differences	–	–	18	18
At 31 May 2021 and 1 June 2021	5,655	4,019	1,050	10,724
Addition	–	1,207	–	1,207
Exchange Differences	–	–	(13)	(13)
At 31 May 2022	5,655	5,226	1,037	11,918
Accumulated amortisation and impairment:				
At 1 June 2020	1,912	3,231	–	5,143
Amortisation	–	305	–	305
Impairment loss	402	–	–	402
At 31 May 2021 and 1 June 2021	2,314	3,536	–	5,850
Amortisation	–	372	–	372
At 31 May 2022	2,314	3,908	–	6,222
Net carrying amount				
At 31 May 2021	3,341	483	1,050	4,874
At 31 May 2022	3,341	1,318	1,037	5,696

Customer relationships

Customer relationships relates to the ability to make regular contact with recurring customers. During the year, the Group recognised additional customer relationships arising from the acquisition of FCI of \$1,207,000.

The useful lives of the customer relationships are estimated to be 2 to 7 years.

Mining rights

Mining rights relates to mining rights acquired by the Group's wholly owned subsidiary, Wuzhou Xing Jian Readymix Co., Ltd in the PRC from the municipal land authority in the Cangwu County. The useful lives of the mining rights are approximately 8 years (2021: 9 years).

Amortisation expense

The amortisation of customer relationships is included in "Administrative expenses" line item in the consolidated income statement.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

11. Intangible assets (cont'd)

Impairment testing of goodwill

Goodwill arising from business combinations has been allocated to two CGUs for impairment testing as follows:

- Marquis Services Pte Ltd (“**Marquis**”) acquired on 15 December 2015; and
- GKE Services Pte. Ltd. (“**GKES**”) acquired on 30 November 2016.

The carrying amount of goodwill allocated to each CGU as at 31 May is as follows:

	Marquis	GKES	Total
	\$'000	\$'000	\$'000
<u>31 May 2022</u>			
Goodwill	1,315	2,026	3,341
<u>31 May 2021</u>			
Goodwill	1,315	2,026	3,341

The recoverable amounts of the CGUs have been determined based on value in use calculations which are based on cash flow projections from financial budgets approved by management covering a 5-year period. The post-tax discount rate applied to the 5-year cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the 5-year period are as follows:

	31 May 2022		31 May 2021	
	Marquis	GKES	Marquis	GKES
Forecasted revenue growth rates	(0.5%) – 2%	2% - 32%	(1%) - 2%	(1.0%) – 7.0%
Long term growth rates	1.6%	1.8%	1.6%	1.8%
Post-tax discount rates	8.3%	10.0%	8.3%	8.5%

Key assumptions used in the value in use calculations

The calculations of value in use for both the CGUs are most sensitive to the following assumptions:

Forecasted revenue growth rates – For GKES, management has forecasted a growth rate of 32% in FY2023 due to recovery from Covid-19 situation and contracts secured with favourable rates at the end of FY2022 and assumed further gradual recovery from FY2023. Thereafter, the revenue is forecasted to grow between 2% over the budget period for anticipated increase in demands. For Marquis, a negative revenue growth of 0.5% per annum for FY2023 is projected in consideration of the loss of a customer during FY2022. Thereafter, the revenue is forecasted to grow 2% over the budget period for anticipated increase in demands and new contracts.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

11. Intangible assets (cont'd)

Key assumptions used in the value in use calculations (cont'd)

Long-term growth rates – The forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Post-tax discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital (“WACC”). The WACC takes into account both debt and equity.

Based on management’s assessment, an impairment loss of S\$ Nil (2021: \$402,000) has been made on GKES CGU for the financial year ended 31 May 2022.

Sensitivity to changes in assumptions

With regards to the assessment of value in use for GKES, a reasonably possible change in any of the above key assumptions would cause the carrying value of the value in use for GKES to increase or decrease the recoverable amount recognised on the balance sheet as follows:

	Estimate range %	Sensitivity Basis points	Impact to impairment loss Increase/ (decrease) \$'000
2022			
Assumptions			
Forecasted revenue growth rates	2% - 32%	-/+32	156/(156)
Long-term growth rates	1.8%	-/+9	60/(62)
Post-tax discount rates	10.0%	-/+10	(9)/8
2021			
Assumptions			
Forecasted revenue growth rates	(1.0%) – 7.0%	-/+32	164/(164)
Long-term growth rates	1.8%	-/+9	1/(1)
Post-tax discount rates	8.5%	-/+10	(6)/6

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

12. Investments in subsidiaries

	Company	
	2022	2021
	\$'000	\$'000
Shares, at cost		
At beginning of the year	59,838	63,378
Acquisition of a subsidiary	12,859	5
Capital contribution to a subsidiary	–	499
Additional investment in a subsidiary	1,000	2,700
Disposal of subsidiaries	–	(6,744)
Less: Impairment losses	(16,540)	(16,046)
At end of the year	<u>57,157</u>	<u>43,792</u>

Movement in impairment losses during the financial year is as follows:

	Company	
	2022	2021
	\$'000	\$'000
At beginning of the year	16,046	15,419
Allowance for the year	494	627
At end of the year	<u>16,540</u>	<u>16,046</u>

The details of the subsidiaries are as follows:

Name of subsidiaries (Country of incorporation and principal place of business)	Principal activities	Effective percentage of equity held by Group	
		31 May 2022	31 May 2021
		%	%
Held by the Company			
GKE Private Limited ¹ (Singapore)	Provision of warehousing services and trading business	100	100
GKE Warehousing & Logistics Pte Ltd ¹ (Singapore)	Provision of warehousing, packing and transportation services	100	100
GKE Express Logistics Pte. Ltd. ¹ (Singapore)	Provision of freight forwarding, transportation, warehousing and logistics services	100	100

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

12. Investments in subsidiaries (cont'd)

The details of the subsidiaries are as follows:

Name of subsidiaries (Country of incorporation and principal place of business)	Principal activities	Effective percentage of equity held by Group	
		31 May 2022 %	31 May 2021 %
<i>Held by the Company (cont'd)</i>			
GKE Freight Pte. Ltd. ⁱ (Singapore)	Provision of freight forwarding and transportation services	100	100
GKE Holdings (HK) Co., Limited. ⁱⁱⁱ (Hong Kong)	Investment holding	100	100
GKE Shipping Limited ⁱⁱ (British Virgin Islands)	Investment holding	100	100
Marquis Services Pte Ltd ^l (Singapore)	Provision of freight forwarding, transportation, warehousing and logistics services	100	100 ^l
GKE Services Pte. Ltd. ⁱ (Singapore)	Provision of port operations and logistics services, stevedoring and freight forwarding services	100	100
GKE Agritech Pte. Ltd. ^{vi} (Singapore)	Provision of indoor farming solution and growing of crops	100	100
Fair Chem Industries Pte Ltd ^{vii} (Singapore)	Provision of blending and manufacturing of chemical and chemical products	100	–
<i>Held through GKE Freight Pte. Ltd.</i>			
PT GKE Investment ⁱⁱ (Indonesia)	Investment holding	100	100
<i>Held through PT GKE Investment</i>			
PT GKE Indonesia ⁱⁱ (Indonesia)	Provision of freight forwarding and transportation services	– ²	100
<i>Held through GKE Holdings (HK) Co., Limited.</i>			
Wuzhou Xing Jian Readymix Co., Ltd ^v (People's Republic of China)	Producing and manufacturing of environmentally friendly lightweight brick, building materials and cement products	100	100

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

12. Investments in subsidiaries (cont'd)

Name of subsidiaries (Country of incorporation and principal place of business)	Principal activities	Effective percentage of equity held by Group	
		31 May 2022	31 May 2021
		%	%
<i>Held through Wuzhou Xing Jian Readymix Co., Ltd</i>			
Cenxi Xing Jian Readymix Co., Ltd ^v (People's Republic of China)	Producing and manufacturing of environmentally friendly lightweight brick, building materials and cement products	100 ³	100

- i. Audited by Ernst & Young LLP.
- ii. Not required to be audited in the country of incorporation.
- iii. Audited by Alan Cheng & Company Certified Public Accountants (Practising).
- iv. Audited by Shanghai Yinhu Certified Public Accountants.
- v. Audited by Wuzhou Zhengyi United CPA.
- vi. Audited by Ernst & Young LLP for the purpose of consolidation. In the process of appointing an auditor for financial year ended 31 May 2022.
- vii. Audited by Ernst & Young LLP for the purpose of consolidation from the date of acquisition 28 Jan 2022. Audited by Straits Assurance PAC.

In accordance with Rule 716 of SGX-ST Listing Rules, the Audit and Risk Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Company.

¹ On 30 April 2021, the Company has acquired 15,000 ordinary shares from the non-controlling interests, representing the remaining 30% shareholding in Marquis with a consideration of \$2,700,000, thereafter, it has become a wholly-owned subsidiary of the Company.

² As at 31 May 2022, PT GKE Indonesia has been struck off.

³ As at 31 May 2022, Wuzhou Xing Jian Readymix Co., Ltd has subscribed to a total issued share capital of RMB 20,580,000 (2021: RMB 15,710,000) representing 100% equity interest in Cenxi Xing Jian Readymix Co., Ltd.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

12. Investments in subsidiaries (cont'd)

a. Interest in subsidiaries with material non-controlling interest ("NCI")

The Group had the following subsidiaries that have NCI that were material to the Group in the previous year:

Name of Subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Profit/(loss) allocated to NCI during the reporting period \$'000	Accumulated NCI at the end of reporting period \$'000	Dividends paid to NCI \$'000
31 May 2021:					
Van Der Horst Logistics Limited and its subsidiary	People's Republic of China	–	(147)	–	–
Marquis Services Pte Ltd	Singapore	–	491	–	225

Summarised financial information about subsidiaries with material NCI

Summarised financial information including consolidation adjustments but before intercompany eliminations of the subsidiaries with material non-controlling interests are as follows:

Summarised statement of comprehensive income

	Van Der Horst Logistics Limited and its subsidiary 2021 \$'000	Marquis Services Pte Ltd 2021 \$'000
Revenue	22	9,017
(Loss)/Profit before tax	(420)	1,995
Tax expense	–	(358)
(Loss)/Profit for the year	(420)	1,637
Other comprehensive income	–	–
Total comprehensive income for the year	(420)	1,637

Summarised balance sheet and other information

For financial year ended 2022 and 2021, there are no more subsidiaries with material NCI.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

12. Investments in subsidiaries (cont'd)

a. *Interest in subsidiaries with material non-controlling interest ("NCI") (cont'd)*

Significant restrictions

There were no significant restrictions on the Group's ability to use or access assets and settle liabilities of the subsidiaries.

b. *Disposal of subsidiaries*

The Group disposed off its entire 65% stake in Van Der Horst Logistics Limited and its subsidiary on 31 May 2021. The value of assets and liabilities recorded in the financial statements as at disposal date, and the cash flow effect of the disposal, were as follows:

	2021 \$'000
Property, plant and equipment	14,739
Trade and other receivables	3
Prepaid operating expenses	5
Cash and cash equivalents	105
Trade and other payables	(5,680)
Net assets derecognised	<u>9,172</u>
Less: Non-controlling interests	<u>(3,210)</u>
Net assets disposed of	5,962
Receivables written off	3,227
Reclassification of foreign currency translation reserve	(477)
Provision of withholding tax	565
Sales proceeds from disposal	<u>(11,826)</u>
Gain on disposal	<u><u>(2,549)</u></u>
Total consideration	11,826
Sales proceeds receivable	(6,072)
Cash and cash equivalent of the subsidiaries	(105)
Net cash inflow on disposal of the subsidiaries	<u><u>5,649</u></u>

c. *Acquisition of a subsidiary*

- i. On 22 January 2021, the Group has acquired 100% shareholding of a new company, GKE Agritech Pte. Ltd. ("GKEA") f.k.a. AGT Solutions Pte Ltd, consisting of 1,000 issued ordinary shares for a consideration of \$4,500. The principal activities of GKEA are the provision of indoor farming solutions and growing of crops.
- ii. On 28 January 2022, the Group completed the acquisition of 100% equity interest of FCI, a business of providing one-stop tolling services, chemical blending, decanting services, hot and cold liquid blend, powder blend, supply of raw and packaging materials, drum recycling and packaging, and wastewater treatment.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

12. Investments in subsidiaries (cont'd)

c. Acquisition of a subsidiary (cont'd)

ii. (cont'd)

The Group incurred acquisition related cost of approximately \$94,000 on legal fees, due diligence costs, transaction advisory fees and other professional fees for the above acquisition. These costs have been included in "Administrative expenses" line item in the consolidated income statement.

The acquisition was accounted for as a business combination.

Impact of the acquisition on consolidated income statement

From the date of acquisition to 31 May 2022, FCI contributed revenue of \$1.9 million and profit after tax of \$81,000 to the Group's results. If the acquisition had occurred on 1 June 2021, management estimated the Group's revenue for the period would have been \$108.7 million and the Group's profit after tax would have been \$4,864,000.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

	Fair value recognised on acquisition \$'000
Customer relationships	1,207
Property, plant and equipment	12,492
Right-of-use assets	1,517
Inventories	240
Trade receivables	803
Other receivables	146
Deposits and prepayment	102
Cash at bank	383
	<hr/>
	16,890
Trade payables and other payables	(438)
GST payables	(105)
Accruals and deposits received	(485)
Lease liabilities	(1,517)
Provision for taxation	(343)
Deferred tax liabilities	(1,329)
Total identifiable net assets at fair value	<hr/> <u>12,673</u> <hr/>

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

12. Investments in subsidiaries (cont'd)

c. Acquisition of a subsidiary (cont'd)

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

	Fair value recognised on acquisition \$'000
<u>Cash flows relating to the acquisition</u>	
Total consideration for 100% equity interest acquired	12,438
Less: cash and cash equivalents of subsidiary acquired	(383)
Net cash outflow on acquisition	<u>12,055</u>

Trade and other receivables acquired

The fair value of the trade and other receivables acquired amount to \$803,000 and \$146,000 respectively. Their gross contractual amounts are same as the fair value amounts. It is expected that the receivables amounts are collectible.

Negative goodwill

Negative goodwill arising from the acquisition of FCI has been recognised as follows:

	Total S\$'000
Total consideration for 100% equity interest acquired	12,438
Total identifiable net assets at fair value	12,673
Negative goodwill arising on acquisition	<u>(235)</u>

The negative goodwill arising from the acquisition of FCI has been recognised in the "administrative expenses" in the consolidated income statement. The negative goodwill was attributed to the competitive pricing negotiated with the sellers.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

13. Investments in associates

	Group		Company	
	31 May 2022 \$'000	31 May 2021 \$'000	31 May 2022 \$'000	31 May 2021 \$'000
Unquoted equity shares, at cost	1,957	1,957	-	-
Share of post-acquisition profit/(loss)	80	(120)	-	-
Exchange differences	17	47	-	-
	2,054	1,884	-	-

The activities of the associates are strategic to the Group activities. The Group's investments in associates, are summarised below:

Name of subsidiaries (Country of incorporation and principal place of business)	Principal activities	Proportion of ownership interest held by Group	
		31 May 2022 %	31 May 2021 %
Held by the Company			
Held through GKE Services Pte. Ltd.			
TNS Ocean Lines International Private Limited. ⁱ (India)	Provision of port operations and logistics services, stevedoring and freight forwarding services	30	30
Held through Wuzhou Xing Jian Readymix Co., Ltd			
Cenxi Haoyi Recycling Co., Ltd ⁱⁱ (People's Republic of China)	Producing and manufacturing of environmentally friendly lightweight brick, building materials and cement products	24	24 ¹

ⁱ Audited by Tejas A.Joshi & Co. Chartered Accountant

ⁱⁱ Audited by Wuzhou Zhengyi United CPA.

¹ During the previous financial year, the Company, through its wholly owned subsidiary, Wuzhou Xing Jian Readymix Co., Ltd, together with Dongguan Haoyi Industrial Investment Co., Ltd and Cenxi City Hengyi Investment Co., Ltd., established Cenxi Haoyi Recycling Co., Ltd ("Cenxi Haoyi") pursuant to a cooperation agreement. As at 31 May 2022, Wuzhou Xing Jian Readymix Co., Ltd has subscribed to a total issued share capital of RMB9,600,000 (2021: RMB9,600,000), representing 24% equity interest in Cenxi Haoyi.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

14. Financial instruments at fair value through profit or loss

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<i>Quoted equity shares, at fair value</i>				
At beginning of the year	155	207	155	207
Disposal of quoted equity share	–	(142)	–	(142)
Fair value adjustment	(88)	90	(88)	90
At end of the year	67	155	67	155
<i>Unquoted equity shares, at fair value</i>				
At beginning of the year	112	106	–	–
Exchange difference	(1)	6	–	–
At end of the year	111	112	–	–
	178	267	67	155

Quoted equity shares relate to equity interest in Silver City Minerals Limited (2021: Silver City Minerals Limited) which the Group does not has significant influence.

Unquoted equity shares relate to 18% equity interest in Wuzhou Zi Wang Quarry Co., Ltd. in which the Group does not have control or significant influence.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

15. Trade and other receivables

	Group		Company	
	31 May 2022 \$'000	31 May 2021 \$'000	31 May 2022 \$'000	31 May 2021 \$'000
Trade and other receivables (current):				
Trade receivables	37,142	40,973	-	-
SGD loans to subsidiaries	-	-	500	696
Amounts due from subsidiaries	-	-	6,928	4,563
Staff advances	12	15	-	-
Refundable deposits	565	825	-	-
Capitalised contract cost	43	91	-	-
Deferred receivables	3,359	6,072	3,359	6,072
Other receivables	1,405	438	273	287
	42,526	48,414	11,060	11,618
Other receivables (non-current):				
SGD loan to subsidiaries	-	-	9,346	9,737
Total trade and other receivables (current and non-current)	42,526	48,414	20,406	21,355
Less: Capitalised contract cost	(43)	(91)	-	-
Add: Cash and short-term deposit (Note 17)	27,106	30,889	5,783	13,489
Total financial assets carried at amortised cost	69,589	79,212	26,189	34,844

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables denominated in foreign currencies as at 31 May are as follows:

	Group		Company	
	31 May 2022 \$'000	31 May 2021 \$'000	31 May 2022 \$'000	31 May 2021 \$'000
United States Dollar	105	173	-	-

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

15. Trade and other receivables (cont'd)

Related party balances and staff advances

The amounts due from subsidiaries are non-trade in nature, unsecured, interest-free, repayable on demand and to be settled in cash.

The current and non-current SGD loans to subsidiaries comprise the following principal amounts as at year end:

- (a) Unsecured 18-year term loan of \$3,527,000 (2021: \$3,956,000), bears interest at 3.8% (2021: 1.95%) per annum and repayable in June 2031. The loan shall be repaid over 216 monthly instalments and is to be settled in cash.
- (b) Unsecured 5-year term loan of \$6,152,000 (2021: \$6,227,000), bears interest at 7.125% (2021: 7.125%) per annum.
- (c) Unsecured loan of \$500,000 (2021: \$ Nil), bears interest at 3.8% per annum and repayable on demand.
- (d) Unsecured loan of \$ Nil (2021: \$250,000), bears interest at 1% per annum and repayable on demand.

Staff advances and other receivables are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Expected credit losses

The movement in allowance for expected credit losses of trade and other receivables computed based on lifetime ECL are as follow:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Movements in allowance account:				
At beginning of the year	1,295	471	4,197	4,321
Charge for the year, recorded in administrative expenses	910	1,098	-	-
Written back	-	(309)	-	(124)
Exchange differences	(41)	35	-	-
At end of the year	2,164	1,295	4,197	4,197

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

15. Trade and other receivables (cont'd)

Deferred receivables

Deferred receivables are amounts receivable within one year which arose from the disposal of the Group's entire 65% stake in Van Der Horst Logistics Limited and its subsidiary. The amount has been fully received subsequent to year end.

Capitalised contract cost

The Group incurs setup contract costs in the process of fulfilling its performance obligations to its customers and the table below shows the movement of contract costs during the years.

	Group	
	2022	2021
	\$'000	\$'000
At beginning of the year	91	315
Additions	43	91
Amortisation	(91)	(315)
At end of the year	<u>43</u>	<u>91</u>

16. Inventories

	Group	
	31 May 2022	31 May 2021
	\$'000	\$'000
Balance sheet:		
Raw material (at cost)	<u>1,065</u>	<u>687</u>
Income statement:		
Inventories recognised as an expense in cost of sales	<u>25,915</u>	<u>40,820</u>

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

17. Cash and short-term deposit

	Group		Company	
	31 May 2022	31 May 2021	31 May 2022	31 May 2021
	\$'000	\$'000	\$'000	\$'000
Cash at banks and on hand	27,106	25,305	5,783	9,319
Short-term deposit	-	5,584	-	4,170
Cash and short-term deposit	<u>27,106</u>	<u>30,889</u>	<u>5,783</u>	<u>13,489</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates.

The Group's short-term deposit amounting to \$ Nil (2021: \$5,584,000) is placed for varying periods between 7 days and 12 months, of which \$ Nil (2021: \$1,410,000) is pledged for a banking facility. The range of effective interest rate of short-term deposit in the previous year was 0.01% - 0.25% per annum.

Cash and short-term deposit denominated in foreign currencies as at 31 May are as follows:

	Group		Company	
	31 May 2022	31 May 2021	31 May 2022	31 May 2021
	\$'000	\$'000	\$'000	\$'000
United States Dollar	<u>4,056</u>	<u>8,886</u>	<u>2,078</u>	<u>7,326</u>

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	Group	
	31 May 2022	31 May 2021
	\$'000	\$'000
Cash and short-term deposit	27,106	30,889
Short-term deposit which is not cash and cash equivalents	-	(1,410)
Cash and cash equivalents	<u>27,106</u>	<u>29,479</u>

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

18. Share capital

	Group and Company			
	2022		2021	
	No. of shares '000	\$'000	No. of shares '000	\$'000
Issued and fully paid ordinary shares:				
At beginning and end of the year	794,700	85,145	794,700	85,145

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

19. Treasury shares

	Group and Company			
	2022		2021	
	No. of shares '000	\$'000	No. of shares '000	\$'000
At beginning of the year	(19,576)	(1,531)	(13,227)	(1,062)
Share buy back	-	-	(6,349)	(469)
At end of the year	(19,576)	(1,531)	(19,576)	(1,531)

Treasury shares relate to ordinary shares of the Company that is held by the Company.

The Company acquired \$ Nil (2021: 6,348,500) shares in the Company through purchases on the Singapore Stock Exchange during the financial year. The total amount paid to acquire the shares was \$ Nil (2021: \$469,000) and this was presented as a component within shareholders' equity.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

20. Other reserves

Other reserves comprise the following:

	Note	Group		Company	
		31 May 2022	31 May 2021	31 May 2022	31 May 2021
		\$'000	\$'000	\$'000	\$'000
Translation reserve	(i)	604	806	-	-
Cash flow hedge reserve	(ii)	71	(1,133)	-	-
Capital reserve	(iii)	(933)	(933)	(97)	(97)
Share based payments	(iv)	32	-	32	-
Statutory reserve	(v)	1,788	1,519	-	-
		1,562	259	(65)	(97)

Movements in other reserves are as follows:

(i) *Translation reserve*

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(ii) *Cash flow hedge reserve*

Cash flow hedge reserve represents the portion of the fair value changes (net of tax) on derivative financial instruments designated as hedging instruments in cash flow hedges that is determined to be an effective hedge, as shown below:

	Group	
	2022 \$'000	2021 \$'000
Interest rate risk:		
At beginning of the year	(1,133)	(2,036)
Effective portion of changes in fair value of cash flow hedges		
- Interest rate swaps	2,003	1,110
Net change in fair value of cash flow hedges reclassified to profit or loss		
- Interest rate swaps	(551)	(438)
Tax effect		
- Interest rate swaps	(248)	231
At end of the year	71	(1,133)

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

20. Other reserves (cont'd)

(iii) Capital reserve

Capital reserve represents the gain or loss arising from purchase, sale, issue or cancellation of treasury shares and changes in ownership interest in a subsidiary.

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Capital reserve:				
At beginning of the year	(933)	(97)	(97)	(97)
Changes in ownership interest in a subsidiary				
- Acquisition of additional shares in a subsidiary	-	(836)	-	-
At end of the year	(933)	(933)	(97)	(97)

(iv) Share based payments

ESOS 2021

Under the ESOS 2021, the Company, at its discretion, may grant share options of the Company to Executive Directors and key employees of the Company, its subsidiaries and Non-Executive Directors (including the Independent Directors) upon completion of 12 months of service.

The vesting period of the granted employee share options is 12 months after the grant date.

The fair value of share options granted is estimated at the date of grant using the Black- Scholes Option model, taking into account the terms and conditions on which the share options were granted. It also considers historical and expected dividends, and the share price volatility of the Company relative to that of its competitors so as to predict the share performance.

The exercise price of the share options is equal to the market price of the underlying shares on the date of grant. There are no cash settlement alternatives for the employees.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

20. Other reserves (cont'd)

(iv) *Share based payments (cont'd)*

ESOS 2021 (cont'd)

The expense recognised for employee services received during the year is shown in the following table:

	2022 \$'000	2021 \$'000
Expense arising from equity-settled share based payment transactions	32	–
Total expense arising from share based payment transactions	32	–

There were no cancellations or modifications to the awards in 2022.

Movements during the year

The following table illustrates the number and weighted average exercise prices (“WAEP”) of, and movements in, share options during the year:

	Group and Company			
	2022		2021	
	Number '000	WAEP \$	Number '000	WAEP \$
Outstanding at beginning of the year	–	–	–	–
Granted during the year	4,258	0.11	–	–
Forfeited during the year	–	–	–	–
Exercised during the year	–	–	–	–
Expired during the year	–	–	–	–
Outstanding at end of the year	4,258	0.11	–	–
Exercisable at 31 May	–	–	–	–

The weighted average remaining contractual life for the share options outstanding as at 31 May 2022 was 10 years for eligible employees and executive directors and 5 years for non-executive directors. The weighted average fair value of options granted during the year was \$0.03. The exercise price for options outstanding at the end of the year was \$0.11.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

20. Other reserves (cont'd)

(iv) Share based payments (cont'd)

The following tables list the inputs to the model used for the scheme for the year ended 31 May 2022:

	Company 2022
Weighted average fair values at the measurement date	0.03
Dividend yield (%)	3.0
Expected volatility (%)	31.0
Risk-free interest rate (%)	2.5
Expected life of share options (years)	10.0
Weighted average share price (\$)	0.11
Model used	Black-Scholes Model

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

(v) Statutory reserve

In accordance with the Company Law applicable to the subsidiary in the PRC, the subsidiary is required to make appropriation to a statutory reserve ("SR"). 10% of the statutory profits after tax as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SR until the cumulative total of the SR reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SR may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SR is not available for dividend distribution to shareholders.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

21. Other liabilities

	Group		Company	
	31 May 2022 \$'000	31 May 2021 \$'000	31 May 2022 \$'000	31 May 2021 \$'000
Current:				
Accrued operating expenses	7,460	7,117	1,518	1,767
Deposits received	555	526	-	-
Contract liabilities	-	8	-	-
Deferred income	158	162	-	-
	8,173	7,813	1,518	1,767
Non-current:				
Deferred income	2,164	2,322	-	-
	10,337	10,135	1,518	1,767
Less:				
GST payables	(340)	(366)	(23)	(32)
Contract liabilities	-	(8)	-	-
Deferred income	(2,322)	(2,484)	-	-
Other liabilities representing financial liabilities carried at amortised cost	7,675	7,277	1,495	1,735

Contract liabilities

These relate to the Group's obligation to transfer services to customers for which the Group has received advances from. Significant changes in contract liabilities are explained as below:

	Group	
	31 May 2022 \$'000	31 May 2021 \$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	8	4
Advances received from customers but performance obligations not yet satisfied at the end of the year	-	8

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

22. Borrowings

	Group		Company	
	31 May 2022 \$'000	31 May 2021 \$'000	31 May 2022 \$'000	31 May 2021 \$'000
Current:				
Bank loan (secured)	12,557	9,932	1,939	545
Non-current:				
Bank loan (secured)	50,480	52,907	6,117	2,455
Total borrowings	63,037	62,839	8,056	3,000

The Group's bank borrowings comprise the following:

(i) 18-year SGD commercial property loan

The 18-year SGD commercial property loan of \$25,600,000 bears interest at 3.25% per annum below the Bank's Commercial Financing Rate ("CFR") for the 1st year and 2nd year, and at the Bank's CFR for the subsequent years. The loan shall be repaid over 216 monthly instalments after its first drawdown. The term loan is secured by first legal mortgage of the leasehold land, buildings and improvements of a subsidiary and corporate guarantee from the Company and a subsidiary.

(ii) 10-year SGD equipment loan

The 10-year SGD equipment loan of \$3,573,000 bears interest at 1.50% per annum over the prevailing 3-month SWAP Offer Rate ("SOR") or 1.50% per annum over the prevailing 3-month Cost of Funds, whichever is the higher, or at such other rates as the Bank may stipulate from time to time at its absolute discretion.

During the year, the interest rate has been revised to 1.75% per annum over the applicable Compounded Singapore Overnight Rate Average ("SORA") Reference Rate as determined by the Bank on the day of transaction or at such other rate at the sole discretion of the Bank. This term loan is for the purpose of financing equipment purchase for 39 Benoi Road.

The loan shall be repaid over 120 fixed monthly instalments. The term loan is secured by first legal mortgage of the equipment and corporate guarantee from the Company.

(iii) 8-year SGD commercial property loan

The 8-year SGD commercial property loan of \$4,320,000 bears interest at the Bank's prevailing Enterprise Financing Rate ("EFR") minus 4.65% per annum for the 1st year and 2nd year and at the prevailing EFR per annum for the subsequent years. The term loan is secured by first legal mortgage of the leasehold land, buildings and improvements of a subsidiary and proportionate corporate guarantee from the Company.

During the year, the interest rate has been revised to fixed rate for the 1st and 2nd year at 1.85% per annum and in subsequent years is 3-month SORA rate plus 3.00% per annum. At the same, the Group has entered into an interest SWAP not held for hedging, pays interest rate equal to 1-month SORA plus 0.55% per annum and mature on 28 April 2024. Under this interest rate swap, the Group pays 1-month SORA rate plus 0.55% and receives fixed interest of 1.85%.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

22. Borrowings (cont'd)

The Group's bank borrowings comprise the following: (cont'd)

(iv) 12-year SGD term loan

The 12-year SGD term loan of \$45,092,000, bears interest at 1.40% per annum over the applicable 1-month SORA (2021: 3-month SOR) or at such other rates as the Bank may stipulate from time to time at its absolute discretion. The loan shall have successive interest periods of 1-month except for the last interest period which shall be a period equivalent to the remaining tenor of the term loan. The term loan is secured by first legal mortgage of development and leasehold land, buildings and improvements of subsidiary, and corporate guarantee from the Company.

(v) 1-year RMB bank term loan

(a) The 1-year term loan of RMB Nil (2021: RMB 9,000,000 equivalent to \$1,868,310 bears interest at 1.02% below the People's Republic of China's Loan Prime Rate ("LPR"). The term loan is served by mortgage of land and property, plant and equipment of a subsidiary. The first principal instalment will be repayable on the 12th month from the first drawdown date.

(b) The 1-year term loan of RMB Nil (2021: RMB 8,000,000 equivalent to \$1,660,000 bears interest at 1.35% below the People's Republic of China's LPR. The loan shall be repaid over 12 months from its first drawdown date.

(c) The 1-year term loan of RMB 3,000,000 equivalent to \$615,000 bears interest at 1.02% below the People's Republic of China's LPR. The loan shall be repayable within 12 months from the first drawdown date.

(d) The 1-year term loan of RMB 5,000,000 equivalent to \$1,025,000 bears interest at 1.02% below the People's Republic of China's LPR. The loan shall be repayable within 12 months from the first drawdown date.

(e) The 1-year term loan of RMB 8,000,000 equivalent to \$1,640,000 bears interest at 0.87% below the People's Republic of China's LPR. The loan shall be repayable within 12 months from the first drawdown date.

(f) The 1-year term loan of RMB 2,000,000 equivalent to \$410,000 bears interest at the People's Republic of China's LPR. The loan shall be repayable within 12 months from the first drawdown date.

(g) The 1-year term loan of RMB 1,000,000 equivalent to \$205,000 bears interest at the People's Republic of China's LPR. The loan shall be repayable within 12 months from the first drawdown date.

(h) The 1-year term loan of RMB 2,000,000 equivalent to \$410,000 bears interest at the People's Republic of China's LPR. The loan shall be repayable within 12 months from the first drawdown date.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

22. Borrowings (cont'd)

The Group's bank borrowings comprise the following: (cont'd)

(vi) 5-year temporary bridging loan

The 5-year temporary bridging loan of \$3,000,000 bears interest at 2.0% per annum or at such may be approved by Enterprise Singapore under Enterprise Financing Scheme ("EFS"). The first principal instalment will be repayable on the 12th month from the first drawdown date. The loan is used for working capital requirement.

(vii) 5-year temporary bridging loan

The 5-year temporary bridging loan of \$2,000,000 bears interest at 2.0% per annum or at such may be approved by Enterprise Singapore under EFS. The first principal instalment will be repayable on the 12th month from the first drawdown date. The loan is used for working capital requirement.

(viii) 5-year term loan

The 5-year term loan of \$6,000,000 bears interest at 2.5% per annum above the rate which the Bank determines as SORA Reference Rate, as conclusively determined by the Bank from time to time applicable to the loan during that interest period. The first principal instalment will be repayable on the 1st month from the first drawdown date. The loan is used for the acquisition of FCI.

A reconciliation of liabilities arising from financing activities is as follows:

	31 May 2021 \$'000	Cash flows \$'000	Acquisition \$'000	Foreign Exchange Movement \$'000	Other \$'000	31 May 2022 \$'000
Bank loans						
- Current	9,932	(9,400)	-	(81)	12,106	12,557
- Non-current	52,907	9,679	-	-	(12,106)	50,480
Lease liabilities						
- Current	5,728	(6,179)	56	(4)	6,505	6,106
- Non-current	24,604	-	4,806	-	(6,505)	22,905
Total	93,171	(5,900)	4,862	(85)	-	92,048

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

22. Borrowings (cont'd)

The Group's bank borrowings comprise the following: (cont'd)

	31 May 2020	Cash flows	Acquisition	Foreign Exchange Movement	Other	31 May 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Bank loans						
- Current	9,689	(8,891)	-	178	8,956	9,932
- Non-current	55,223	6,627	-	13	(8,956)	52,907
Lease liabilities						
- Current	8,010	(8,293)	-	24	5,987	5,728
- Non-current	13,307	-	17,284	-	(5,987)	24,604
Total	86,229	(10,557)	17,284	215	-	93,171

The 'other' column relates to reclassification of non-current portion of loans and borrowings including obligations under finance leases due to passage of time and accretion of interests.

As at 31 May 2022 and 31 May 2021, all the financial covenants on the above bank borrowings have been fully complied with.

The Company does not expect to incur any liabilities arising from the corporate guarantees.

23. Lease liabilities

The Group has lease contracts for various items of property, vehicles and other equipment used in its operations. Leases of property generally have lease terms between 1 and 18 years, the vehicles and other equipment generally have lease terms between 1 and 4 years (2021: between 1 and 4 years), the plant and machinery generally have lease terms of 10 years, while the land use rights generally have lease term of 50 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios.

The Group also has certain leases of other equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

23. Lease liabilities (cont'd)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Warehouses and dormitories \$'000	Forklifts and motor vehicles \$'000	Plant and machinery \$'000	Land use rights \$'000	Total \$'000
Group					
As at 1 June 2020	15,639	6,228	–	5,107	26,974
Disposal of subsidiaries	–	–	–	(3,052)	(3,052)
Addition	14,751	2,652	1,021	–	18,424
Disposal	(54)	–	–	–	(54)
Depreciation expenses	(6,135)	(1,690)	(43)	(121)	(7,989)
Exchange differences	–	92	24	252	368
As at 31 May 2021 and 1 June 2021	24,201	7,282	1,002	2,186	34,671
Reclassification	–	(1,437)	–	–	(1,437)
Acquisition of a subsidiary	1,517	–	–	–	1,517
Addition	1,862	1,646	–	–	3,508
Disposal	–	(7)	–	–	(7)
Depreciation expenses	(4,462)	(1,895)	(106)	(49)	(6,512)
Exchange differences	–	(12)	(9)	(25)	(46)
As at 31 May 2022	23,118	5,577	887	2,112	31,694

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

23. Lease liabilities (cont'd)

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
At beginning of the year	30,332	21,317	130	166
Acquisition of a subsidiary	1,517	–	–	–
Addition	3,346	17,284	–	–
Accretion of interest	1,144	745	4	6
Payment	(7,323)	(9,038)	(41)	(42)
Exchange difference	(5)	24	–	–
At end of the year	29,011	30,332	93	130
Presented as:				
Current	6,106	5,728	36	130
Non-current	22,905	24,604	57	–

The following are the amounts recognised in profit or loss:

	Group	
	2022 \$'000	2021 \$'000
Depreciation expenses of right-of-use assets	6,512	7,989
Interest expense on lease liabilities	1,144	745
Expense relating to leases of low-value assets (included in cost of sales and administrative expenses)	693	153
Total amount recognised in profit or loss	8,349	8,887

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

24. Deferred tax

Deferred tax as at 31 May relates to the following:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Deferred tax liabilities:				
Tax effect of temporary differences in excess of capital allowances	1,853	1,166	34	14
Fair value adjustments on acquisition of subsidiary	1,329	52	-	-
	3,182	1,218	34	14

Deferred tax as at 31 May relates to the following:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
At beginning of the year	1,218	562	14	-
Tax charged/(credited) to profit or loss				
- Current year (Note 8(a))	382	868	20	14
- Prior year (Note 8(a))	5	19	-	-
Impact of fair value gain/(loss) from interest rate swap	248	(231)	-	-
Impact of acquisition of a subsidiary	1,329	-	-	-
At end of the year	3,182	1,218	34	14

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately \$1,274,000 (2021: \$1,006,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses have no expiry date.

Unrecognised temporary differences relating to investment in subsidiaries

At the end of the reporting period, no deferred tax liability (2021: \$Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain subsidiaries of the Group as the Group has control over the distribution of the earnings and has determined that the undistributed earnings of the subsidiaries will not be distributed in the foreseeable future. Such undistributed earnings of the subsidiaries amounted to \$16,133,000 (2021: \$13,612,000).

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

24. Deferred tax (cont'd)

Tax consequences of proposed dividends

There are no income tax consequences attached to the payment of dividends in either 2022 or 2021 by the Company to its shareholders.

25. Trade and other payables

	Group		Company	
	31 May 2022	31 May 2021	31 May 2022	31 May 2021
	\$'000	\$'000	\$'000	\$'000
<i>Trade and other payables (current):</i>				
Trade payables	10,626	12,863	–	–
Other payables	3,423	3,846	189	32
Amounts due to subsidiaries	–	–	2,423	2,302
Loan from subsidiary	–	–	15,178	15,178
Total trade and other payables	14,049	16,709	17,790	17,512
Add: Borrowings (Note 22)	63,037	62,839	8,056	3,000
Lease liabilities (Note 23)	29,011	30,332	93	130
Other liabilities (Note 21)	7,675	7,277	1,495	1,735
Total financial liabilities carried at amortised cost	113,772	117,157	27,434	22,377

Trade and other payables are unsecured, non-interest bearing and repayment is based on payment terms and conditions agreed.

Trade and other payables denominated in foreign currencies as at 31 May are as follows:

	Group		Company	
	31 May 2022	31 May 2021	31 May 2022	31 May 2021
	\$'000	\$'000	\$'000	\$'000
United States Dollar	91	61	–	–

The amounts due to subsidiaries are non-trade in nature, unsecured, interest-free, and repayable on demand and are to be settled in cash.

The loan from subsidiary is unsecured, fixed interest bearing at 3.8% per annum (2021: unsecured, fixed interest bearing at 3.8% per annum). The loan is repayable on demand.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

26. Derivative financial assets/(liabilities)

	Group			
	31 May 2022		31 May 2021	
	Notional amount	Assets \$'000	Notional amount	Liabilities \$'000
Interest rate swaps	32,229	<u>67</u>	34,257	<u>(1,364)</u>
Total derivatives		<u><u>67</u></u>		<u><u>(1,364)</u></u>

The fair value of interest rate swaps as shown above are determined with reference to marked-to-market values provided by counterparties.

Hedge accounting has been applied for interest rate swaps that are assessed by the Group to be highly effective hedges.

The Group determines the economic relationship between the loans and borrowings and the derivative by matching the critical terms of the hedging instrument with the terms of the hedged item. The hedge ratio (the ratio between notional amount of the derivative financial instrument to the amount of the loans and borrowings being hedged) is determined to be 1:1. There were no expected sources of ineffectiveness on the Group's hedges as the critical terms of the derivative match exactly with the terms of the hedged item.

The Group uses the interest rate swaps to hedge against the exposure to variability in cash flows from related borrowings. Under the interest rate swaps, the Group receives floating interest and pays fixed interest. The hedge is classified as cash flow hedges and the fair value changes of the interest rate swaps is recognised in cash flow hedge reserve. The interest rate swaps receive floating interest equal to 1-month SORA (FY2021: 3-month SOR) pays a fixed rate of interest of 1.92% and 2.00% (2021: 1.92% and 2.00%) per annum, and mature on 27 September 2024.

Included in the above interest rate swaps as at 31 May 2022 was an interest rate swap not held for hedging with a nominal amount of \$1,692,000.

27. Commitments

(a) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	31 May 2022	31 May 2021
	\$'000	\$'000
Capital commitments in respect of property, plant and equipment	<u>198</u>	<u>308</u>

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

27. Commitments (cont'd)

(b) *Operating lease income commitments - as lessor*

Operating lease income mainly represents rental receivables by the Group from the provision of warehousing at various areas in Singapore. These non-cancellable leases have remaining lease terms of up to 2 years (2021: remaining lease terms of up to 3 years).

Future minimum rental receivables under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	31 May 2022	31 May 2021
	\$'000	\$'000
Not later than one year	2,315	5,071
Later than one year but not later than five years	2,573	3,206
	4,888	8,277

28. Fair value of assets and liabilities

(a) *Fair value hierarchy*

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- (i) Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date;
- (ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- (iii) Level 3 – Unobservable inputs for the asset and liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of their fair value hierarchy as the lowest level input that is significant to the entire measurement.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

28. Fair value of assets and liabilities (cont'd)

(b) *Assets and liabilities measured at fair value*

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group 31 May 2022			
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
	\$'000	\$'000	\$'000	\$'000
Recurring fair value measurements				
Assets				
<i>Financial assets</i>				
Financial assets at fair value through profit or loss				
- Quoted equity shares	67	-	-	67
- Unquoted equity shares	-	-	111	111
- Derivative financial assets	-	67	-	67
<i>Financial liabilities</i>				
Financial liabilities at fair value through other comprehensive income				
- Derivative financial liabilities	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

28. Fair value of assets and liabilities (cont'd)

(b) *Assets and liabilities measured at fair value*

	Group 31 May 2021			
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
	\$'000	\$'000	\$'000	\$'000
Recurring fair value measurements				
Assets				
<i>Financial assets</i>				
Financial assets at fair value through profit or loss				
- Quoted equity shares	155	-	-	155
- Unquoted equity shares	-	-	112	112
<i>Financial liabilities</i>				
Financial liabilities at fair value through other comprehensive income				
- Derivative financial liabilities	-	(1,364)	-	(1,364)

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

28. Fair value of assets and liabilities (cont'd)

(c) Level 3 fair value measurements

- (i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about their fair value measurements using significant unobservable inputs (Level 3).

Description	Fair value at 31 May 2022 \$'000	Fair value at 31 May 2021 \$'000	Valuation techniques	Key unobservable inputs	Range
Recurring fair value measurements					
Financial asset					
<i>Unquoted equity shares</i>	111	112	Discounted cash flow method	Discount rate	4.9%

For the unquoted equity shares, a 1% increase (decrease) in the discount rate applied will result in a \$5,000 decrease (increase) in fair value measurement.

- (ii) Valuation policies and procedures

The Group's Chief Financial Officer ("CFO") oversees the Group's overall accounting and finance function including treasury functions, risk management and investor relations. In this regard, the CFO reports to the Group's Audit Committee.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 Fair Value Measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions that are relevant to the valuation if such information are reasonably available.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

The CFO documents and reports its analysis and results of the external valuations to the Board of Directors.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

28. Fair value of assets and liabilities (cont'd)

- (d) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value***

Management has determined that the carrying amounts of cash and short-term deposit, trade and other receivables, trade and other payables and other liabilities, based on their notional amounts, reasonably approximate their fair values because they are short-term in nature or the interest rates are approximate market interest rates. The carrying amounts of interest-bearing term loans at floating rates reflect fair values because they are all re-priced to the market interest rates near the end of the reporting period.

29. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk, interest rate risk and market price risk. The Board of Directors reviews and approves policies and procedures for the management of these risks, which are executed by the Chief Executive Officer. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

- (a) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Group assumes that credit risk of a financial asset has increased significantly when the financial asset remains outstanding for more than the reasonable range of past due days, taking into consideration historical payment track records, current macroeconomics situation as well as the general industry trend.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

29. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

To assess whether there is a significant increase in credit risk, the Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations
- Actual or expected significant changes in the operating results of the counterparty

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on Group's historical observed default rates analysed in accordance to days past due by grouping of customer, which also incorporate forward looking information such as forecast of economic conditions, leading to an increased number of defaults.

	Group			
	31 May 2022		31 May 2021	
	Gross amount \$'000	Less allowance provision \$'000	Gross amount \$'000	Less allowance provision \$'000
Group				
Not past due	10,142	-	11,490	-
Past due 0 to 90 days	6,604	-	12,970	-
Past due 91 to 180 days	3,283	-	7,828	-
Past due 181 to 365 days	10,103	(256)	7,860	(274)
Past due more than 365 days	9,174	(1,908)	2,120	(1,021)
	39,306	(2,164)	42,268	(1,295)

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

29. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Amounts due from related companies

The Group and the Company provide for lifetime expected credit losses for amounts due from related companies and subsidiaries using the probability of default approach. In determining expected credit losses, the Group and the Company consider events such as significant adverse changes in financial conditions and changes in the operating results of the related companies and subsidiaries and determined that significant increase in credit risk occur when there is an increase in likelihood of default.

The loss allowance provision for amounts due from subsidiaries are as follow:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Movements in allowance account:				
At beginning and end of the year	-	-	4,197	4,197

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the balance sheets; and
- an amount of \$98,456,000 (2021: \$84,736,000) of which \$65,382,000 (2021: \$65,038,000) relates to corporate guarantees provided by the Company to the financial institutions on its subsidiaries' borrowings and other banking facilities, and \$33,074,000 (2021: \$19,698,000) relates to bank guarantees.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 15.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

29. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	One year or less \$'000	One to five years \$'000	Total \$'000
Group			
2022			
<i>Financial assets:</i>			
Trade and other receivables	42,483	–	42,483
Cash and short-term deposit	27,106	–	27,106
Total undiscounted financial assets	<u>69,589</u>	<u>–</u>	<u>69,589</u>
<i>Financial liabilities:</i>			
Borrowings	13,565	53,690	67,255
Trade and other payables	14,049	–	14,049
Other liabilities	7,675	–	7,675
Lease liabilities	11,123	29,011	40,134
Total undiscounted financial liabilities	<u>46,412</u>	<u>82,701</u>	<u>129,113</u>
Total net undiscounted financial assets/(liabilities)	<u>23,177</u>	<u>(82,701)</u>	<u>(59,524)</u>

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

29. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

	One year or less \$'000	One to five years \$'000	Total \$'000
Group			
2021			
Financial assets:			
Trade and other receivables	48,323	–	48,323
Cash and short-term deposit	30,889	–	30,889
Total undiscounted financial assets	<u>79,212</u>	<u>–</u>	<u>79,212</u>
Financial liabilities:			
Borrowings	11,213	57,455	68,668
Trade and other payables	16,709	–	16,709
Other liabilities	7,277	–	7,277
Lease liabilities	6,778	28,153	34,931
Total undiscounted financial liabilities	<u>41,977</u>	<u>85,608</u>	<u>127,585</u>
Total net undiscounted financial assets/(liabilities)	<u>37,235</u>	<u>(85,608)</u>	<u>(48,373)</u>
Company			
2022			
Financial assets:			
Trade and other receivables	11,211	10,500	21,711
Cash and short-term deposit	5,783	–	5,783
Total undiscounted financial assets	<u>16,994</u>	<u>10,500</u>	<u>27,494</u>
Financial liabilities:			
Borrowings	1,981	6,157	8,138
Trade and other payables	17,790	–	17,790
Other liabilities	1,495	–	1,495
Lease liabilities	40	59	99
Total undiscounted financial liabilities	<u>21,306</u>	<u>6,216</u>	<u>27,522</u>
Total net undiscounted financial (liabilities)/assets	<u>(4,312)</u>	<u>4,284</u>	<u>(28)</u>

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

29. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk (cont'd)*

	One year or less \$'000	One to five years \$'000	Total \$'000
Company			
2021			
Financial assets:			
Trade and other receivables	11,986	10,726	22,712
Cash and short-term deposit	13,489	–	13,489
Total undiscounted financial assets	<u>25,475</u>	<u>10,726</u>	<u>36,201</u>
Financial liabilities:			
Borrowings	586	2,538	3,124
Trade and other payables	17,512	–	17,512
Other liabilities	1,735	–	1,735
Lease liabilities	139	–	139
Total undiscounted financial liabilities	<u>19,972</u>	<u>2,538</u>	<u>22,510</u>
Total net undiscounted financial assets	<u>5,503</u>	<u>8,188</u>	<u>13,691</u>

The table below shows the contractual expiry by maturity of the Company's contingent liabilities. The maximum amounts of the corporate guarantee contracts are allocated to the earliest period in which the guarantees could be called.

	Company			
	One year or less \$'000	One to five years \$'000	Over five years \$'000	Total \$'000
31 May 2022				
Financial guarantees	<u>13,412</u>	<u>32,612</u>	<u>19,357</u>	<u>65,381</u>
31 May 2021				
Financial guarantees	<u>10,947</u>	<u>29,008</u>	<u>25,083</u>	<u>65,038</u>

(c) *Foreign currency risk*

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily United States Dollars (“USD”) and Renminbi (“RMB”). The foreign currencies in which these transactions are denominated are mainly USD.

The Group also holds cash denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in USD.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

29. Financial risk management objectives and policies (cont'd)

(c) Foreign currency risk (cont'd)

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including PRC and Indonesia (“IND”). The Group’s net investments in PRC and IND are not hedged as currency positions in RMB and IND are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group’s profit before tax to a reasonably possible change in the USD and RMB exchange rates against the functional currency of the Group entities, with all other variables held constant.

	Group	
	Increase/ (decrease) Profit before tax	Increase/ (decrease) Profit before tax
	2022 \$'000	2021 \$'000
<u>Against SGD</u>		
USD - Strengthened 3% (2021: 3%)	120	267
Weakened 3% (2021: 3%)	(120)	(267)
RMB - Strengthened 3% (2021: 3%)	37	-
Weakened 3% (2021: 3%)	(37)	-

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group’s and the Company’s financial instruments will fluctuate because of changes in market interest rates. The Group’s and the Company’s exposure to interest rate risk arises primarily from their loans and borrowings, interest-bearing loans given to subsidiaries and loans from non-controlling interests. The Group does not hedge its fixed rate loans and borrowings.

The Group and Company manage its exposure to interest risk by sourcing for the most favourable interest rates and entered into interest rate swaps as disclosed in Note 26.

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group’s financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity instruments. These instruments are quoted on Singapore Exchange Securities Trading Limited (“SGX”) and Australian Securities Exchange Ltd (“ASX”) and are classified as financial asset at fair value through profit or loss.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

29. Financial risk management objectives and policies (cont'd)

(e) *Market price risk (cont'd)*

Sensitivity analysis for market price risk

At the end of the reporting period of 31 May 2022 and 31 May 2021, if the share prices of the quoted shares on the relevant stock exchange had been 5% higher or lower with all other variables held constant, the Group's fair value adjustments reserve in profit or loss would have been \$4,000 (2021: \$6,000) higher or lower, arising as a result of an increase or decrease in the fair value of equity instruments classified as financial asset at fair value through profit or loss.

30. Dividends

Group and Company	
31 May 2022	31 May 2021
S\$'000	S\$'000

Declared and paid during the financial year:

Dividends on ordinary shares:

- Final exempt (one-tier) dividend for FY2021: 0.40 Singapore cents

3,100	-
--------------	---

The Company has proposed a first and final exempt (one-tier) dividend of 0.20 Singapore cents per ordinary share (FY2021: 0.40 Singapore cents) as recommended by the Directors for the financial year ended 31 May 2022.

31. Capital management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 May 2022 and 31 May 2021.

One of the externally imposed capital requirements for the Group to maintain its listing on the SGX is to have share capital with a free float of at least 10% of its ordinary shares. Management receives a report from the registrar regularly on substantial share interests showing the non-free float and it demonstrated continuing compliance with the 10% limit throughout the year.

The Company and certain subsidiaries of the Group are subject to financial covenants for credit facilities provided by banks as disclosed in Note 22. These externally imposed capital requirements have been complied with by the Company and its subsidiaries for the financial years ended 31 May 2022 and 31 May 2021.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

31. Capital management (cont'd)

The Group monitors the capital using a gearing ratio, which is debt divided by total equity and debt. The Group's debts include borrowings and finance lease liabilities.

	Group		Company	
	31 May 2022	31 May 2021	31 May 2022	31 May 2021
	\$'000	\$'000	\$'000	\$'000
Debt	66,838	67,420	8,149	3,130
Total equity	91,011	88,375	56,219	56,552
Total equity and debt	157,849	155,795	64,368	59,682
Gearing ratio	42.3%	43.3%	12.7%	5.2%

32. Segment information

For management purposes, the Group is organised into business units based on their products and services, and categorized into four reportable segments as follows:

- The investment holding segment is involved in Group level corporate services and investment activities.
- The warehousing and logistics segment provides total integrated and comprehensive warehousing and logistics solutions and services that include general cargo storage, dangerous cargo storage, bonded and license warehousing services, conventional transportation, container trucking, projects logistics, international multi-modal sea and air freight forwarding services, marine logistics and chemical warehousing with ancillary services.
- The infrastructural materials and services segment is primarily involved in the business of manufacturing and supply of environmentally friendly ready-mixed concrete and building materials.
- The agriculture segment is involved in indoor cultivation of vegetables and development of agriculture technology solutions.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain aspects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Tax expense is managed on a group basis and is not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

32. Segment information (cont'd)

	Investment holding	Warehouse ⁽¹⁾ and logistics	Infrastructural ⁽¹⁾ materials and services	Agriculture	Consolidation adjustments	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
31 May 2022						
Revenue						
- External customers	-	74,655	29,920	228	-	104,803
- Inter-segment ⁽²⁾	-	298	-	17	(315)	-
Total revenue	-	74,953	29,920	245	(315)	104,803
Results:	(1,270)	22,473	5,475	(317)	(250)	26,111
Depreciation of property, plant and equipment	(89)	(12,178)	(1,507)	(93)	(130)	(13,997)
Allowance for expected credit loss	-	-	(910)	-	-	(910)
Impairment loss on investment in subsidiary	(494)	-	-	-	494	-
Fair value loss on financial assets	(88)	-	-	-	-	(88)
Gain on disposal of property, plant and equipment	-	71	-	-	-	71
Share of results of associates	-	-	200	-	-	200
Dividend income	5,000	-	-	-	(5,000)	-
Interest income	428	577	9	-	(998)	16
Finance costs	(692)	(2,643)	(542)	-	998	(2,879)
Segment profit/(loss)	2,795	8,300	2,725	(410)	(4,886)	8,524
Tax expense						(3,822)
Profit for the year						4,702

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

32. Segment information (cont'd)

	Investment holding \$'000	Warehouse ⁽¹⁾ and logistics \$'000	Infrastructural ⁽¹⁾ materials and services \$'000	Agriculture \$'000	Consolidation adjustments \$'000	Total \$'000
31 May 2022 (cont'd)						
Assets:						
Investments in associates	–	14	2,040	–	–	2,054
Additions to non-current assets ⁽³⁾	98	7,344	1,334	420	–	9,196
Segment assets⁽⁴⁾	85,936	161,917	44,427	1,173	(80,479)	212,974
Segment liabilities⁽⁴⁾	27,460	104,066	23,679	103	(38,874)	116,434
Unallocated liabilities:						
Tax payable						2,347
Deferred tax liabilities						3,182
Total liabilities						121,963

⁽¹⁾ Effective from 1 June 2021 onwards, management has changed the segment "Third party logistics" to "Warehouse and logistics" and "Infrastructural logistics" to "Infrastructural materials and services" to better reflect the nature of business.

⁽²⁾ Inter-segment revenues are eliminated on consolidation.

⁽³⁾ Consist of additions to property, plant and equipment.

⁽⁴⁾ Inter-segment assets and liabilities are eliminated to arrive at the total assets and liabilities reported in the consolidated balance sheet.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

32. Segment information (cont'd)

31 May 2021

	Investment holding \$'000	Third party logistics \$'000	Infrastructural logistics \$'000	Agriculture \$'000	Consolidation adjustments \$'000	Total \$'000
Revenue						
- External customers	-	66,149	52,817	20	-	118,986
- Inter-segment ⁽¹⁾	-	226	-	-	(226)	-
Total revenue	-	66,375	52,817	20	(226)	118,986
Results:	(1,268)	22,956	12,657	(97)	102	34,350
Depreciation of property, plant and equipment	(96)	(14,021)	(1,503)	(13)	-	(15,633)
Written back/(allowance) for expected credit loss	124	185	(1,098)	-	-	(789)
Bad debts charged	-	(179)	-	-	-	(179)
Fair value gain on financial assets	90	-	-	-	-	90
Property, plant and equipment written off	-	(5)	-	-	-	(5)
Impairment loss on goodwill	(402)	-	-	-	-	(402)
Gain on disposal of subsidiaries	1,292	-	-	-	1,257	2,549
Gain on disposal of property, plant and equipment	-	45	-	-	-	45
Share of results of associates	-	-	(90)	-	-	(90)
Dividend income	4,074	-	-	-	(4,074)	-
Interest income	575	637	9	-	(1,191)	30
Finance costs	(684)	(2,809)	(506)	-	1,191	(2,808)
Segment profit/(loss)	3,705	6,809	9,469	(110)	(2,715)	17,158
Tax expense						(5,284)
Profit for the year						11,874

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

32. Segment information (cont'd)

31 May 2021 (cont'd)

Assets:

Investments in associates	–	14	1,870	–	–	1,884
Additions to non-current assets ⁽²⁾	20	17,748	4,634	394	–	22,796
Segment assets ⁽³⁾	81,171	170,832	46,788	440	(87,159)	212,072
Segment liabilities ⁽³⁾	22,411	114,664	26,625	50	(42,371)	121,379
Unallocated liabilities:						
Tax payable						1,100
Deferred tax liabilities						1,218
Total liabilities						123,697

⁽¹⁾ Inter-segment revenues are eliminated on consolidation.

⁽²⁾ Consist of additions to property, plant and equipment.

⁽³⁾ Inter-segment assets and liabilities are eliminated to arrive at the total assets and liabilities reported in the consolidated balance sheet.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

32. Segment information (cont'd)

Geographical segments

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets ⁽¹⁾	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Singapore	74,884	66,149	124,562	114,362
People's Republic of China	29,919	52,837	13,570	13,906
	104,803	118,986	138,132	128,268

⁽¹⁾ Non-current assets information presented above consist of property, plant and equipment and intangible assets as presented in the consolidated balance sheet.

Information about major customer

Revenue from one major customer amount to \$14,971,000 (2021: \$13,983,000) for the financial year ended 31 May 2022, arising from sales by the third party logistics segment.

33. Related party transactions

(a) *Related parties*

Other than disclosed elsewhere in the financial statements, the Group had significant transactions with related parties on terms agreed between the parties as follows:

	Group	
	2022	2021
	\$'000	\$'000
Sale of goods to an associate	112	68
Purchase of goods from an associate	(2,966)	(48)

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 May 2022

33. Related party transactions (cont'd)

(b) *Key management compensation*

	Group	
	2022 \$'000	2021 \$'000
Directors of the Company		
- Salaries, fees and benefits-in-kind	1,379	1,464
- Contribution to defined contribution plans	48	49
- Share based payment transactions	12	-
Directors of subsidiaries		
- Salaries, fees and benefits-in-kind	921	1,135
- Contribution to defined contribution plans	60	65
- Share based payment transactions	5	-
Other key management personnel		
- Salaries, fees and benefits-in-kind	982	812
- Contribution to defined contribution plans	67	67
- Share based payment transactions	6	-

Key management personnel are the Directors and key personnel having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

34. Authorisation of financial statements for issue

The financial statements for the year ended 31 May 2022 were authorised for issue in accordance with a resolution of the Directors on 1 September 2022.

STATISTICS OF SHAREHOLDINGS

As at 22 August 2022

Class of shares	: Ordinary shares
No. of shares (excluding treasury shares and subsidiary holdings)	: 775,124,090
Voting rights	: One vote per share

As at 22 August 2022, the total number of treasury shares held is 19,576,450 (2.46%) and there are no subsidiary holdings.

DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	Number of Shareholders	Percentage (%)	Number of Shares	Percentage (%)
1 - 99	9	0.43	442	0.00
100 - 1,000	52	2.51	33,563	0.00
1,001 - 10,000	397	19.17	2,941,915	0.38
10,001 - 1,000,000	1,564	75.52	150,453,455	19.41
1,000,001 and above	49	2.37	621,694,715	80.21
TOTAL	2,071	100.00	775,124,090	100.00

TWENTY LARGEST SHAREHOLDERS

No	Name of Shareholder	Number of Shares Held	Percentage (%)*
1	UOB Kay Hian Pte Ltd	150,216,485	19.38
2	United Overseas Bank Nominees Pte Ltd	87,708,700	11.31
3	Qian Wen Hua	56,760,000	7.32
4	Li Zi Yan	30,071,429	3.88
5	DBS Nominees Pte Ltd	28,493,201	3.68
6	Neo Cheow Hui	27,945,300	3.61
7	Maybank Securities Pte Ltd	23,029,300	2.97
8	Neo Hwee Lee	21,085,000	2.72
9	Wang Jianping	18,897,200	2.44
10	Citibank Nominees Singapore Pte Ltd	18,882,900	2.44
11	Chen Yong Hua	17,200,000	2.22
12	Teng Beng Hua	16,375,060	2.11
13	iFast Financial Pte Ltd	10,305,000	1.33
14	Tan Geok Choo (Chen Yuzhu)	8,285,300	1.07
15	Kienta Engineering Construction Pte Ltd	7,743,500	1.00
16	Tan Ai Meng	7,700,000	0.99
17	Kerwin Ng Long Fa	7,012,000	0.90
18	Chai Hwee Hoon Doreen	7,000,000	0.90
19	Raffles Nominees (Pte) Limited	6,716,800	0.87
20	Hong Leong Finance Nominees Pte Ltd	6,579,900	0.85
		558,007,075	71.99

* The percentage of issued ordinary shares is calculated based on the number of issued ordinary excluding the treasury shares and subsidiary holdings.

STATISTICS OF SHAREHOLDINGS

As at 22 August 2022

SUBSTANTIAL SHAREHOLDERS AS AT 22 AUGUST 2022

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	Number of Shares		
		%	Deemed Interest	%
Chen Yong Hua ⁽¹⁾	17,200,000	2.22	50,000,000	6.45
Chen Li Rong ⁽²⁾	–	–	58,420,642	7.54
Qian Wen Hua	56,760,000	7.32	–	–
Zhu Jun Wen ⁽²⁾	–	–	56,645,429	7.31

Notes:

⁽¹⁾ Chen Yong Hua is deemed to be interested in 50,000,000 Shares which is held by United Overseas Bank Nominees Pte Ltd on his behalf.

⁽²⁾ Chen Li Rong and Zhu Jun Wen are deemed to be interested in 58,420,642 and 56,645,429 Shares respectively which are held by UOB Kay Hian Pte Ltd on their behalf.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 22 August 2022, 61.07% of the Company's shares are held in the hand of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual - Section B: Rules of Catalist of the SGX-ST which requires 10% of the equity securities (excluding preference shares and convertible equity securities) in a class that is listed to be in the hands of the public.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“AGM”) of GKE Corporation Limited (“Company”) will be held by way of electronic means on Thursday, 29 September 2022 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements and Directors’ Statement of the Company and the Group for the financial year ended 31 May 2022 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To declare a First and Final tax exempt (one-tier) Dividend of 0.20 Singapore cents per ordinary share as recommended by the Directors for the financial year ended 31 May 2022. **(Resolution 2)**
3. To approve the payment of Directors’ fees of S\$164,000 for the financial year ended 31 May 2022. (2021: S\$162,000) **(Resolution 3)**
4. To approve the payment of Directors’ fees of S\$170,000 for the financial year ending 31 May 2023 in arrears. **(Resolution 4)**
5. To re-elect the following Directors of the Company retiring pursuant to Regulation 107 of the Constitution of the Company:

Mr. Chen Yong Hua	(Resolution 5)
Mr. Neo Cheow Hui	(Resolution 6)
Mr. Loy Soo Chew	(Resolution 7)

[See Explanatory Note (i)]
6. To re-appoint Ernst & Young LLP, Public Accountants and Chartered Accountants, as the external auditor of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 8)**
7. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. **Authority to allot and issue shares in the capital of the Company pursuant to Section 161 of the Companies Act 1967 (“Companies Act”) and Rule 806 of the Listing Manual – Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (“Catalist Rules”)**

That pursuant to Section 161 of the Companies Act and Rule 806 of Catalist Rules of the SGX-ST, the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company (“shares”) whether by way of rights, bonus or otherwise; and/or

NOTICE OF ANNUAL GENERAL MEETING

- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares pursuant to any Instrument made or granted by the Directors of the Company while this Resolution was in force,

(“**Share Issue Mandate**”)

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities outstanding at the time of passing of this Ordinary Resolution;
 - (b) (where applicable) new shares arising from exercising share options or vesting of share awards, provided that such share awards or share options (as the case may be) were granted in compliance with Part VIII of the Catalist Rules; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;adjustments in accordance with sub-paragraph (2)(a) or sub-paragraph (2)(b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and the Constitution of the Company for the time being in force; and

NOTICE OF ANNUAL GENERAL MEETING

- (4) unless revoked or varied by the Company in a general meeting, such authority conferred by this Resolution shall continue in force (i) until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

[See Explanatory Note (ii)]

(Resolution 9)

9. Proposed Renewal of Share Purchase Mandate

That:

- (a) for the purposes of the Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire the issued and fully-paid ordinary shares in the capital of the Company (“**Shares**”) not exceeding in aggregate the Maximum Limit (as defined below), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:-
- (i) on-market purchase(s) (each a “**Market Purchase**”) on the SGX-ST through the ready market, through one (1) or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
 - (ii) off-market purchase(s) (each an “**Off-Market Purchase**”) effected pursuant to an equal access scheme or schemes as defined in Section 76C of the Act as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act and the Catalyst Rules;

be and is hereby authorised and approved generally and unconditionally (“**Share Purchase Mandate**”);

- (b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Purchase Mandate shall, at the discretion of the Directors, either be cancelled or held in treasury and dealt with in accordance with the Act;
- (c) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:-
- (i) the date on which the next AGM of the Company is held or required by law to be held;
 - (ii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied; or
 - (iii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

NOTICE OF ANNUAL GENERAL MEETING

(d) in this Resolution:-

“Maximum Limit” means the number of Shares representing not more than ten per cent. (10%) of the total number of Shares as at the date of the passing of this Resolution, unless the Company has, at any time during the Relevant Period (as hereafter defined), effected a reduction of its share capital in accordance with the applicable provisions of the Act, in which event the total number of Shares shall be taken to be the total number of Shares as altered by the capital reduction (excluding any Shares which are held as treasury shares as at that date);

“Relevant Period” means the period commencing from the date on which the last AGM of the Company was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution is passed;

“Maximum Price”, in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for the Share purchased or acquired pursuant to the Share Purchase Mandate, as determined by the Directors, which shall not exceed:-

- (i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Highest Last Dealt Price of the Shares; where:-

“Average Closing Price” means the average of the closing market prices of a Share over the five (5) consecutive market days on which the Shares are transacted on the SGX-ST immediately preceding the date of the Market Purchase by the Company and deemed to be adjusted in accordance with the Catalyst Rules for any corporate action which occurs during the relevant five (5) day period and the day on which the Market Purchase is made;

“Highest Last Dealt Price” means the highest price transacted for a Share as recorded on the SGX-ST on the market day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase;

“day of the making of the offer” means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(e) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

[See Explanatory Note (iii)]

(Resolution 10)

NOTICE OF ANNUAL GENERAL MEETING

10. Proposed Renewal of Interested Person Transactions General Mandate

That:

- (a) approval be and is given for the purposes of Chapter 9 of the Catalist Rules, for the Company, its subsidiaries and associated companies that are considered to be “entities at risk” under Chapter 9, or any of them, to enter into any of the Mandated Transactions as defined in the Addendum to the Annual Report in relation to (1) the Proposed Renewal of the Share Purchase Mandate and (2) the Proposed Renewal of the IPT General Mandate dated 14 September 2022 (“**Addendum**”) with the Mandated Interested Persons as defined in the Addendum, provided that such transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders, and are in accordance with the methods and review procedures for such Mandated Transactions as set out in the Addendum (“**IPT General Mandate**”);
- (b) the approval given for the IPT General Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier;
- (c) the audit committee of the Company for the time being be and is hereby authorised to take such action as it deems proper in respect of procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendments to Chapter 9 of the Catalist Rules which may be prescribed by the SGX-ST from time to time; and
- (d) the Directors of the Company and each of them be and are hereby severally authorised to complete and do all such acts and things (including without limitation, executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by the IPT General Mandate and/or this Resolution.

[See Explanatory Note (iv)]

(Resolution 11)

By Order of the Board

Shirley Tan Sey Liy
Company Secretary

Singapore, 14 September 2022

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) Mr. Chen Yong Hua will, upon re-election as a Director of the Company, remain as the Executive Chairman and Executive Director of the Company.

Mr. Neo Cheow Hui will, upon re-election as a Director of the Company, remain as the Chief Executive Officer and Executive Director of the Company.

Mr. Loy Soo Chew will, upon re-election as a Director of the Company, remain as the Lead Independent Director of the Company, Chairman of the Audit Committee and a member of the Remuneration Committee and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules.

Please refer to page 43 to 52 of the Annual Report for the detailed information for Mr. Chen Yong Hua, Mr. Neo Cheow Hui and Mr. Loy Soo Chew required pursuant to Rule 720(5) of the Catalist Rules.

- (ii) Resolution 9 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a pro rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed and any subsequent consolidation or subdivision of shares.

- (iii) Resolution 10 above, if passed, will empower the Directors of the Company to exercise all powers of the Company in purchasing or acquiring Shares pursuant to the terms of the Share Purchase Mandate. This authority will continue in force until the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting or the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated, whichever is the earlier. Information relating to this proposed Resolution is set out in the Addendum dated 14 September 2022 (in relation to the proposed renewal of the Share Purchase Mandate) attached to the Company's Annual Report 2022.
- (iv) Resolution 11 above, if passed, will authorise the interested person transaction as described in the Addendum and recurring in the year and will empower the Directors of the Company to do all acts necessary to give effect to the IPT Mandate. Pursuant to Rule 920(1)(b)(viii) of the Catalist Rules, Mr. Chen Yong Hua, who is deemed to be interested in the IPT Mandate, will abstain, and has undertaken to ensure that his Associates (as defined in the Addendum) will abstain, from voting and they shall additionally decline to accept any appointment to act as proxy for any Shareholder to vote in respect of such Resolution, unless the Shareholder appointing them as proxy has given specific instructions in his/her/its proxy form as to the manner in which his/her/its votes are to be cast for such Resolution. Information relating to this proposed Resolution is set out in the Addendum dated 14 September 2022 (in relation to the proposed renewal of the IPT General Mandate) attached to the Company's Annual Report 2022.

Notes relating to measures to minimise the risk of COVID-19:

General

- In view of the circuit breaker measures applicable as of the date of this Notice up to 1 June 2020 and pursuant to the COVID-19 (Temporary Measures) Act that was passed by Parliament on 7 April 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 issued by the Minister of Law on 13 April 2020 (as amended from time to time) ("**Meeting Orders**"), provide legal certainty such that issuers are able to make alternative arrangements to hold general meetings where personal attendance is required under written law or legal instruments (such as a company's constitution). The Meeting Orders has been extended beyond 30 June 2021 and amendments to the Temporary Measures Act come into force on 29 September 2020. A joint statement was also issued on 13 April 2020, and subsequently updated on 27 April 2020 and 1 October 2020, by the Monetary Authority of Singapore, the Accounting and Corporate Regulatory Authority and the Singapore Exchange Regulation to provide guidance on the conduct of general meetings during the period when elevated safe distancing measures are in place. In view of these development, general meetings which held beyond 30 June 2021 can be held via electronic means, and are encouraged to do so. This will

NOTICE OF ANNUAL GENERAL MEETING

help keep physical interactions and COVID-19 transmission risks to a minimum, which remain important in the long term, even as safe distancing regulations are gradually and cautiously relaxed. As such, the AGM will be held by way of electronic means and shareholders will NOT be allowed to attend the AGM in person. Printed copies of this Notice will not be sent to members. Instead, this Notice will be sent to members by electronic means via publication on the Company's corporate website <http://www.gke.com.sg/> and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. The Notice will not be advertised in the national newspaper.

2. Alternative arrangements are instead put in place to allow shareholders to participate in the AGM by:
 - (a) watching or listening to the AGM proceedings via a Live Webcast (as defined below). Shareholders who wish to participate as such will have to pre-register in the manner outlined in Note 3 to 6 below;
 - (b) submitting questions ahead of the AGM. Please refer to Notes 7 below for further details; and
 - (c) voting by proxy at the AGM. Please refer to Notes 8 to 13 below for further details.

Participation in the AGM via live webcast or live audio feed

3. A shareholder of the Company or their corporate representatives (in the case of a member which is a legal entity) will be able to watch or listen to the proceedings of the AGM through a "live" webcast via mobile phone, tablet or computer ("**Live Webcast**"). In order to do so, the member must pre-register by 10.00 a.m. on 27 September 2022 ("**Registration Deadline**"), at the following URL: <https://conveneagm.sg/gke2022agm> ("**GKE AGM Website**"), to create an account.
4. Following authentication of his/her/its status as a shareholder of the Company, such shareholder will receive an email on their authentication status and will be able to access the Live Webcast using the account created.
5. Shareholders who have registered by the Registration Deadline in accordance with paragraph 3 above but do not receive an email response by 12:00 p.m. on 28 September 2022 may contact the Company for assistance at the following email address: support@conveneagm.com, with the following details included: (1) the member's full name; and (2) his/her/its identification/ registration number.
6. Non-SRS holders whose shares are registered under Depository Agents ("**DAs**") must also contact their respective DAs to indicate their interest in order for their respective DAs to make the necessary arrangements for them to participate in the Live Webcast of the AGM proceeding.

Submission of questions prior to the AGM

7. A shareholder of the Company may also submit questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations no later than the 21 September 2022, 10.00 a.m. through the GKE AGM Website <https://conveneagm.sg/gke2022agm>. The Company shall only address relevant and substantial questions (as may be determined by the Company in its sole discretion) received. The Company will publish the minutes of the AGM on SGXNET and the Company's website within one month after the date of AGM.

Voting by Proxy at the AGM

8. Shareholders may only exercise their voting rights at the AGM via proxy voting. The accompanying proxy form for the AGM may be accessed via the GKE AGM Website, the Company's corporate website <http://www.gke.com.sg/>, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/companyannouncements>.
9. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
 - (a) if submitted by post, be lodged at the office of the Company at 39 Benoi Road #06-01 Singapore 627725; or
 - (b) if submitted electronically, be submitted via email to the Company at enquiry@gkegroup.com.sg,

in either case by **no later than 10.00 a.m. on 27 September 2022**, being 48 hours before the time appointed for the AGM.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically.

NOTICE OF ANNUAL GENERAL MEETING

10. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or signed on its behalf by its attorney duly authorised in writing or by an authorised officer of the corporation, failing which the instrument of proxy may be treated as invalid.
11. An investor who holds shares under the Supplementary Retirement Scheme (“**SRS Investor**”) and wishes to vote, should approach their respective SRS Operators to submit their votes to appoint the Chairman of the Meeting as their proxy, at least 7 working days before the AGM.
12. A Depositor's name must appear on the Depository Register maintained by The Central Depositor (Pte) Limited as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote at the AGM.
13. Please note that shareholders will not be able to vote through the Live Webcast and can only vote with their proxy forms which are required to be submitted in accordance with the foregoing paragraphs.

A Relevant Intermediary means:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal Data Privacy

By pre-registering for the Live Webcast, submitting a Proxy Form appointing the Chairman of the Meeting as proxy to vote at the AGM and/or any adjournment thereof, and/or submitting questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.



GKE CORPORATION LIMITED

(Company Registration No. 200001941G)
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING PROXY FORM

(Please see notes overleaf before
completing this Form)

IMPORTANT:

1. The Annual General Meeting ("Meeting") is being convened by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Order 2020. **Due to the current COVID-19 restriction order, a member will not be able to physically attend the Meeting. A member (including Relevant Intermediary) must appoint the Chairman of the Meeting as proxy to vote on his/her/it behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting.**
2. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") and wishes to vote should approach their respective CPF and SRS Investors to submit their votes to appoint the Chairman of the Meeting as their proxy, at least seven (7) working days before the Meeting.
3. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

*I/We, _____ (Name) _____ (NRIC/Passport No. Co. Registration No.)

of _____ (Address)

being a *member/members of **GKE CORPORATION LIMITED** ("Company"), hereby appoint:

Chairman of the Meeting	Proportion of Shareholdings	
	No. of Shares	%

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting ("Meeting") of the Company to be held by electronic means on Thursday, 29 September 2022 at 10.00 a.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion. In terms of proxy voting, the shareholder/shareholders must appoint the Chairman of the Meeting to act as proxy and direct the vote at the Meeting.

No.	Resolutions relating to:	No. of votes 'For'***	No. of votes 'Against'***	No. of votes 'Abstain'***
Ordinary Business				
1	Audited Financial Statements for the financial year ended 31 May 2022			
2	To declare a First and Final tax exempt (one-tier) Dividend of 0.20 Singapore cents per ordinary share as recommended by the Directors for the financial year ended 31 May 2022.			
3	Approval of Directors' fees amounting to S\$164,000 for the financial year ended 31 May 2022			
4	Approval of Directors' fees amounting to S\$170,000 for the financial year ending 31 May 2023			
5	Re-election of Mr. Chen Yong Hua as a Director			
6	Re-election of Mr. Neo Cheow Hui as a Director			
7	Re-election of Mr. Loy Soo Chew as a Director			
8	Re-appointment of Ernst & Young LLP as Auditor and to authorise the Directors of the Company to fix their remuneration			
Special Business				
9	Authority to allot and issue shares			
10	Proposed renewal of Share Purchase Mandate			
11	Proposed renewal of Interested Person Transactions General Mandate			

** If you wish to exercise all your votes 'For' or 'Against' or 'Abstain', please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.

Dated this _____ day of _____ 2022

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

.....
Signature of Shareholder(s)
And/or, Common Seal of Corporate Shareholder

*Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF



Notes:

Due to the fast-evolving COVID-19 situation in Singapore, the Company may be required to change its Meeting arrangements at short notice. The Company is taking the relevant steps in accordance with the Part 4 of the COVID-19 (Temporary Measures) Act 2020.

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. **In light of the current COVID-19 measures in Singapore, members will not be able to attend the Meeting in person. A member of the Company (including a Relevant Intermediary*) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting.**
3. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
 - a) if submitted by post, be lodged at the office of the Company at 39 Benoi Road #06-01 Singapore 627725; or
 - b) if submitted electronically, be submitted via email to the Company at enquiry@gkegroup.com.sg.

in either case **by no later than 10.00 a.m. on 27 September 2022, being 48 hours before the time appointed for the AGM.**

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

4. The instrument appointing Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal or signed on its behalf by an attorney duly authorised in writing or by an authorised officer of the corporation. Where the instrument appointing Chairman of the Meeting as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.
5. A corporation which is a member may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act 1967 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
6. An investor who holds shares under the Central Provident Fund Investment Scheme (“**CPF Investor**”) and/or the Supplementary Retirement Scheme (“**SRS Investors**”) and wishes to vote should approach their respective CPF and SRS Investors to submit their votes to appoint the Chairman of the Meeting as their proxy, at least 7 working days before the Meeting.

* A “**Relevant Intermediary**” is:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 September 2022.



(Company Registration No.: 200001941G)

39 Benoi Road
Singapore 627725
T: (65) 6261 7770 | F: (65) 6266 2557
Visit us at www.gke.com.sg