GKE

CORPORATION LIMITED

ADVANCING CAPABILITIES MULTIPLYING VALUE

ANNUAL REPORT 2021

CONTENTS

CORE VALUES

We are committed to deliver effective solutions and services to our customers and deliver greater value to our stakeholders.

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

To become one of the largest integrated warehousing and logistics solutions providers in Singapore.

OUR MISSION

To deliver effective solutions for our customers and create 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 agri-tech. 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, and the most up-to-date safety and security features. It leverages information technology to increase order visibility, maximise operational efficiency, minimise surplus inventory, and reduce overall supply chain costs for its customers.

The Group provides total integrated and comprehensive warehousing & 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. The Group has also established its support services at Singapore's port operations to further enhance the logistics value chain.

The Group's strategic investments focusing on infrastructural materials and services business in the People's Republic of China, has diversified to include the agri-tech 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 梧州星建混凝土有限公司 ("**Wuzhou Xing Jian**"), which is primarily engaged in the manufacturing and supply 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 has also extended its investment to (i) a construction material waste recycling plant in Cenxi City, and (ii) the mining and production of limestone products in Cangwu County, where Wuzhou Xing Jian holds the mining rights of a limestone mine.

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

BUSINESS OPERATIONS

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 and 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 from consumer products, manufacturing, electronics, pharmaceutical and retail industries. Services comprise receiving cargoes at destinations, providing storage and inventory management at the Group's warehouses, and delivering 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 manages its multi-modal transportation network 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 storing 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 airport, respectively.

STRATEGIC INVESTMENTS

I. Infrastructural Materials and 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 岑溪市星建混泥土有限公司, 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.

OVERCOMING CHALLENGES OPTIMIZING PERFORMANCE

FY2021 was a year of unprecedented challenges alongside new opportunities. Supply chain disruptions due to the pandemic and political uncertainties have allowed the Group to diversify our customer base, particularly in the healthcare and medical supplies sector while continuing to secure long-term contracts for stable earnings visibility.

LETTER TO SHAREHOLDERS

MR. CHEN YONG HUA

Executive Chairman and Executive Director

MR. NEO CHEOW HUI

Chief Executive Officer and Executive Director

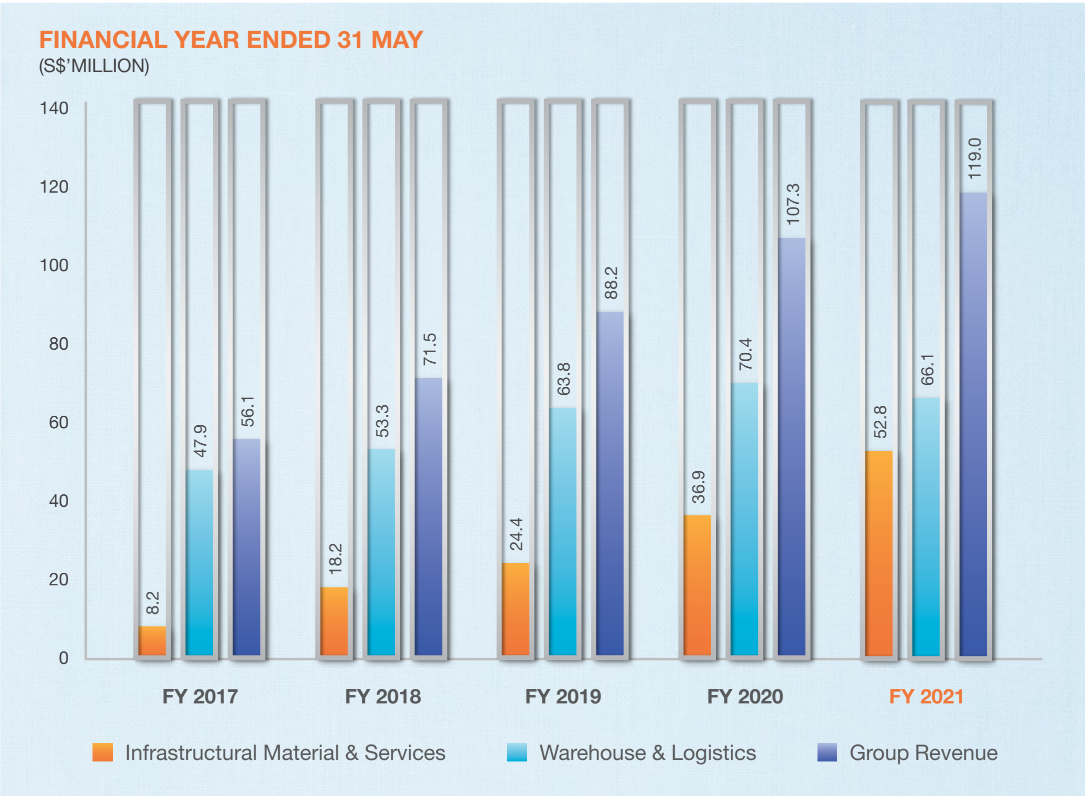
DEAR SHAREHOLDERS,

We are delighted to report that GKE has achieved a breakthrough – we registered record revenue and net profit attributable to shareholders for the financial year ended 31 May 2021 ("**FY2021**"). This set of results was made possible with our relentless efforts in driving growth in our operations in Singapore and China, as well as the support of our stakeholders, in particular, during the challenging COVID-19 pandemic situation.

WHEN THE GOING GETS TOUGH, THE TOUGH GET GOING

The Group stepped up our efforts in our profit-generating divisions as the business environment became tougher with lockdowns happening around the world during FY2021. We took all opportunities to integrate our various value-added services with digital solutions to enhance efficiency in our supply chain solutions for our core warehousing & logistics operations in Singapore. With the opportunity to provide our inventory management services for strategic stockpiles, we went on to obtain the good distribution practices ("**GDP**") certification for our warehouses to store pharmaceutical and healthcare related products. This GDP certification is our commitment to our customers, who entrust their goods with us. We believe this certification could potentially broaden the Group's customer base in the healthcare supply chain, and we remain committed to assist our customers with our competence in warehousing & logistics capabilities.

While the Group continues to record optimal utilisation in our warehouses, some of our business segments have not been spared by the impact from the pandemic. Nevertheless, we are heartened that our strategic investment in infrastructural materials and services in China, particularly the ready-mix concrete ("**RMC**") business, continues to register steady growth over the past few years.



Amid the pandemic crisis, we continued to build on our foundation as we turned around in the financial year ended 31 May 2020 ("**FY2020**"). Coupled with the recovery of the Chinese economy which spurred economic activities, we expanded the capacity of Wuzhou Xing Jian Readymix Co., Ltd ("**Wuzhou Xing Jian**"), our first RMC manufacturing facility in Wuzhou City, Guangxi China. We raised our installed production capacity from 800,000 m^3 to 1.2 million m^3 in the second half of FY2021 to cope with the rising demand as the urbanisation plans in Wuzhou City continue to roll out as scheduled. The increase in productivity at relatively favourable average selling prices of RMC resulted in higher contribution from Wuzhou Xing Jian, and together with higher utilisation of warehouse space at better rental rates as well as an increase in trucking volume in our Singapore warehousing & logistics operations, led the Group to achieve another year of record revenue, increasing by 10.9% year-on-year from S$107.3 million in FY2020 to S$119.0 million in FY2021.

In the financial year under review, we have also continued our efforts in streamlining our businesses to further enhance our efficiency with the aim to improve profitability. We have successfully renewed our lease with cost savings for our 30 Pioneer Road warehouse cum office property in Singapore, commencing 15 April 2021 for another five years. We have also acquired the remaining 30% stake in Marquis Services Pte Ltd for S$2.7 million, making it a wholly-owned subsidiary of GKE on 30 April 2021. The acquisition enables the Group to better manage our dangerous cargo inventory management capabilities (Class 2, 3, 4, 5.1, 6.1, 8 and 9) and industrial coating blending services for both new and existing customers. In addition, the Group divested a non-performing asset – the 65% stake in Van Der Horst Logistics Limited and its subsidiary, which holds a warehouse property in Shanghai, China, with the receipt of 50% of the sale consideration of RMB 58.5 million (equivalent to approximately S$11.7 million).

LETTER TO SHAREHOLDERS

Notwithstanding the streamlining efforts, the Group has also pursued previously identified opportunities to chart new growth streams for the long term. Our newly developed RMC manufacturing facility in Cenxi City, Cenxi Xing Jian Readymix Co., Ltd ("**Cenxi Xing Jian**") with an installed production capacity of 400,000 m^3 per annum, which completion had been delayed, has commenced trial production in July 2021. In anticipation of an increase in demand for RMC in these two cities located in Guangxi, China, we have also increased our fleet of concrete mixer trucks to about 70 vehicles in FY2021. To achieve better cost efficiencies and economies of scale for the RMC production facilities, the experienced team in Wuzhou Xing Jian is also committed to overseeing the operations of Cenxi Xing Jian. Other joint venture investments include the Group's 24%-owned construction waste materials recycling plant, Cenxi Haoyi Recycling Co., Ltd, located beside Cenxi Xing Jian, which has commenced trial production in November 2020 and is working towards the target of recycling six million tonnes of construction waste materials per annum.

The focus on food security in Singapore prompted the Group to diversify into agriculture in March 2021. We took into account, among others, that our strategic investment in GKE Agritech Pte. Ltd. ("**GKE Agritech**") would enable it to achieve better utilisation of our office premises in 6 Pioneer Walk and to align with the Singapore Government's initiative to produce 30% of the nation's nutritional needs locally by 2030. The office premise has since been converted into an indoor farm with approvals from all relevant authorities to grow vegetables indoors. GKE Agritech has adopted 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. The initial focus is to grow kale as one of the key products for local consumption. We believe indoor cultivation of vegetables will provide consistency in the quality and quantity of pesticide-free vegetables, and thus allow consumers access to top quality produce that is safe, nutritious and promotes an active and healthy lifestyle.

While these new investments will take time to contribute positively to the Group, we believe they are essential to boost the Group's future growth. Underpinned by operational contributions and government support schemes in FY2021, we are pleased to register an increase in our net profit attributable to shareholders from S$4.7 million in FY2020 to S$11.5 million in FY2021.

REWARDING SHAREHOLDERS

In appreciation of our supportive shareholders, the Board has recommended a final (tax-exempted) dividend of S$0.004 per ordinary share for FY2021, subject to the approval of shareholders at the Annual General Meeting on 29 September 2021.

CEMENTING SUSTAINABLE GROWTH

Our execution of the two-pronged growth strategy over the last few years with the focus on developing our core warehousing & logistics and strategic investments, particularly in infrastructural materials and services in China, has laid a strong foundation for the Group. We believe our Group is well-positioned to ride on sustainable growth from our continual efforts in our core operations in Singapore and China.

ACKNOWLEDGMENTS AND APPRECIATION

On behalf of the Board, we extend our sincere gratitude to all members of the Group for their dedication and efforts over the past year, particularly in overcoming the unprecedented challenges together amid the pandemic. We also acknowledge our fellow Board Directors for their invaluable advice and support throughout the year.

We are appreciative of our shareholders, customers, bankers, and business partners, for your continued support and confidence in GKE. We remain committed to strengthening the Group's core businesses in both Singapore and China to deliver positive value for you.

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

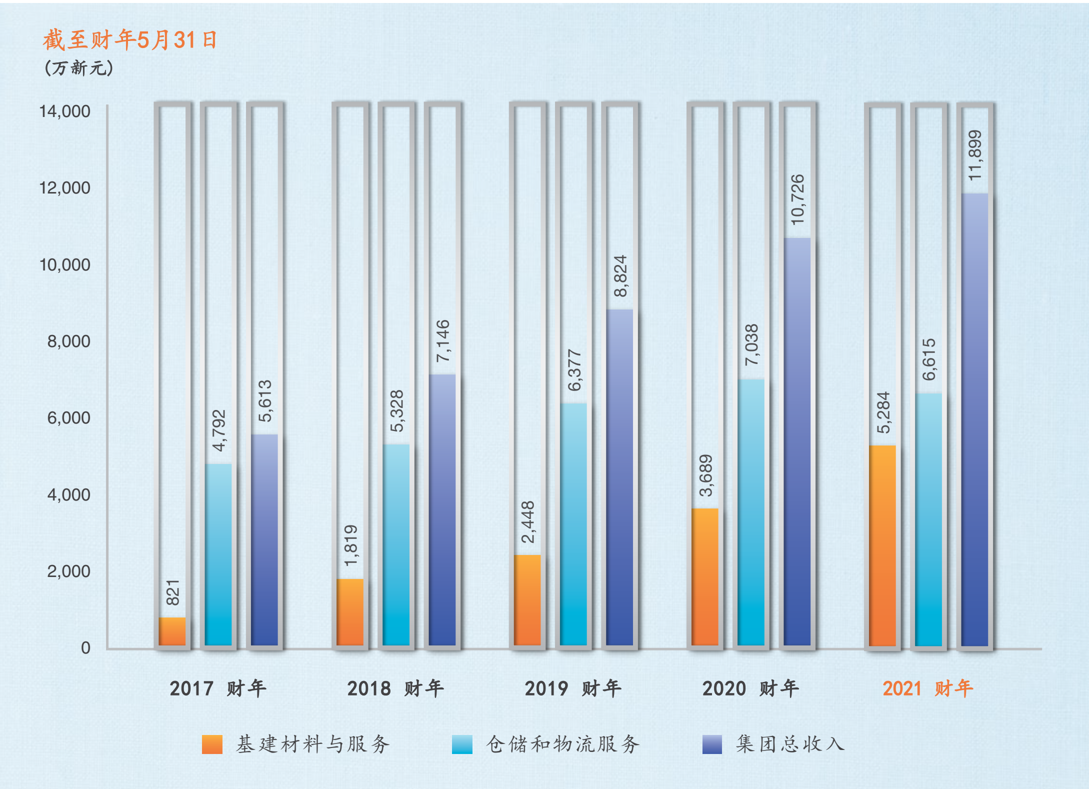
诸位股东：

锦佳集团（以下简称“集团”）在今年取得重大突破，即我们在截至2021年5月31日的财政年度（简称“2021财年”）创下收入及归属股东净利新高。能够取得如此佳绩是由于我们努力不懈地推动新加坡和中国业务的增长，以及获得股东们的大力支持，这在2019新冠肺炎带来种种挑战下尤为难得。

环境充满挑战，强者越战越勇

在2021财年，全球许多地区因新冠肺炎而封城令商业环境日趋严峻，集团则更努力加强各个部门提高盈利的能力。我们把握机会，把各种增值服务和数码方案融合起来，以提高新加坡核心业务仓储与物流供应链的效率。我们获得了为重要物资提供存货管理服务的机会，并随之而取得“良好分销规范”认证，得以在我们的货仓储存药剂和医疗相关产品。我们的客户把货物交托给我们，而这项认证是我们给予客户的服务承诺。相信这项认证能吸引更多来自医疗保健供应链的客户，我们也将继续竭尽所能为客户提供良好的仓储和物流服务。

尽管集团的货仓依旧录得最佳占用率，一些其他业务却无法免于受到新冠肺炎造成的冲击。然而，我们在中国基建材料与服务行业的投资过去几年来不断取得稳定增长，尤其是预拌混凝土业务。



在新冠肺炎的困扰下，我们坚持向前迈进，在截至2020年5月31日的财政年度（简称“2020财年”）转亏回盈，继续夯实基础。加上中国经济复苏有助刺激经济活动，我们扩大了在中国广西梧州市的第一个预拌混凝土厂梧州市星建混凝土有限公司（简称“梧州星建”）的产能。我们在2021财年下半年把该厂房的设备产能从80万立方米提高至120万立方米，以满足梧州市按期推出的城市化计划所带来的更大需求。生产力提高和相对有利的预拌混凝土平均售价令梧州星建的贡献增加。加上新加坡仓储与物流业务的货仓占用率和出租租金、货车出车量均上升，集团的收入从2020财年的1亿零726万新元增加10.9%至2021财年的1亿1,899万新元，再次创下新高。

我们也在2021财年里继续精简业务来提高效率，以求提升集团的盈利水平。我们在新加坡先驱路30号的货仓兼办公室在更新租约时得以节省成本，租约从2021年4月15日起生效，为期五年。2021年4月30日，我们以270万新元收购了特殊化学品储存与管理公司Marquis Services Pte Ltd其余的30%股权，后者继而成为集团的全资子公司。这项收购有助于加强集团在危险货物储存管理方面的能力（等级2、3、4、5.1、6.1、8和9）及提升工业涂料混合服务，为新、旧客户提供更完善的服务。另外，集团以5,850万人民币（相等于约1,170万新元）全面脱售了Van Der Horst Logistics Limited与子公司的65%股权。该子公司在中国上海拥有一间货仓物业；集团已收取了脱售额的50%款项。

除了上述的精简行动之外，集团也就早已锁定的商机付诸行动，为长期前景开拓新的成长途径。我们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”）的发展工程虽然延迟完工，但厂房已在2021年7月开始试产。该厂房的设备产能为每年40万立方米。预期中国广西的梧州市和岑溪市对预拌混凝土的需求将逐渐提高，因此我们在2021财年把混凝土搅拌车的数量增加至约70辆。为了提高预拌混凝土厂的成本管理和经济效益，梧州星建的资深团队也将负责管理岑溪星建的营运活动。其他合资项目包括集团持有24%股权的建筑废料回收厂岑溪市好易再生资源有限公司（简称“岑溪好易”）。岑溪好易毗邻岑溪星建，厂房已在2020年11月开始试产，目标为每年处理600万吨的建筑废料。

新加坡对粮食保障的忧虑促使集团在2021年3月开拓农业业务。我们投资成立农业公司GKE Agritech Pte. Ltd.（简称“GKE Agritech”）的考量因素包括能让我们善用集团在先驱径6号的办公楼，同时响应新加坡政府希望到了2030年，由本地产物满足全国30%营养需求的计划。如今该办公楼已改造成一个室内农场，并获得有关当局批准种植蔬菜。GKE Agritech采用的是受控环境农耕法，即在农作物的成长过程中，使用自动化仪器和感应器来保护和维持最佳的生长环境。初步计划是种植甘蓝来作为供应给本地市场的主要产品之一。我们相信室内农耕法将能把无农药蔬菜的素质和产量保持在稳定水平，进而让消费者能够买到安全、有营养的优良农产品，鼓励人们选择活跃和健康的生活习惯。

尽管这些新投资需假以时日才能取得成果，但我们相信对集团的未来增长是必要的。2021财年，在营运活动带来贡献及政府的支援计划下，集团录得1,153万新元的归属股东净利，比2020财年的470万新元来得高。

回馈股东

为了回报股东对集团的支持，董事会建议2021财年派发每普通股0.004新元的终期（免税）股息，并将在2021年9月29日举行的常年大会上征求股东的批准。

巩固长期增长基底

我们在过去几年采取双管齐下的增长策略，着重于发展核心业务仓储与物流业务及进行策略性投资，尤其是中国的基建材料与服务方面，这些策略都为集团铺下了稳健的奠基石。我们相信集团已做好准备，将能逐渐从新加坡和中国核心业务的长期增长中受惠。

致谢

我们谨代表董事会，向集团的所有成员致以诚挚的谢意，感谢他们在过去一年来的付出和努力，尤其是在新冠肺炎肆虐下，他们能同心协力克服前所未有的挑战。我们也非常感谢各位董事给予宝贵意见和支持。

我们的股东、客户、银行伙伴及生意伙伴对锦佳集团的长期支持和信心令我们心怀感激。我们将继续努力壮大新加坡和中国的核心业务，为您带来丰厚回报。

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

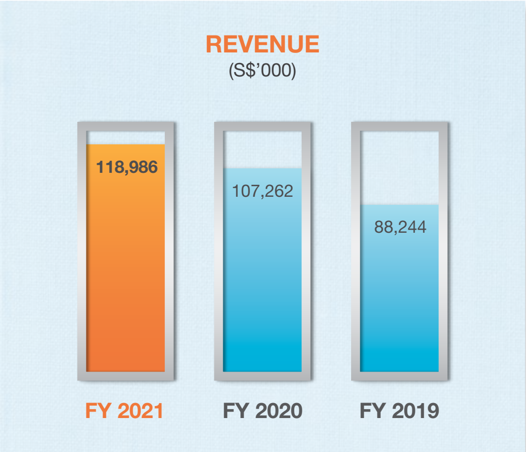
CORPORATE STRUCTURE

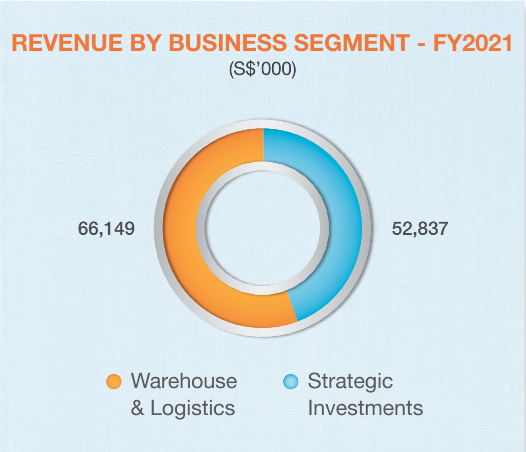
STRENGTHENING CAPABILITIES CEMENTING SUSTAINABLE GROWTH

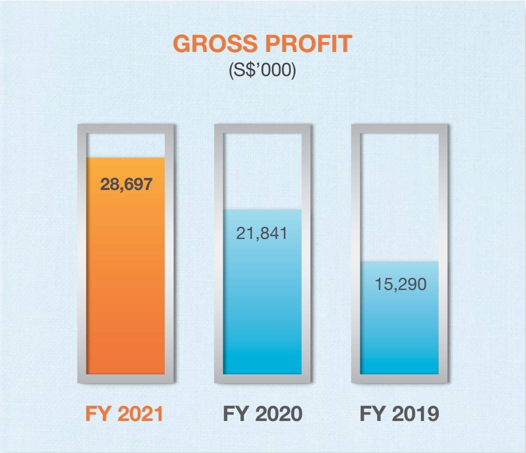
China's economic recovery and growing urbanization projects continue to fuel demand for our infrastructural materials and services. We are well-positioned with the third production line in our manufacturing plant in Wuzhou City coming onstream, bringing capacity from 800,000 m^3 per annum to 1,200,000 m^3 per annum at end December 2020. Capacity was further increased by an initial 200,000 m^3 per annum with the completion of another manufacturing facility in Cenxi City.

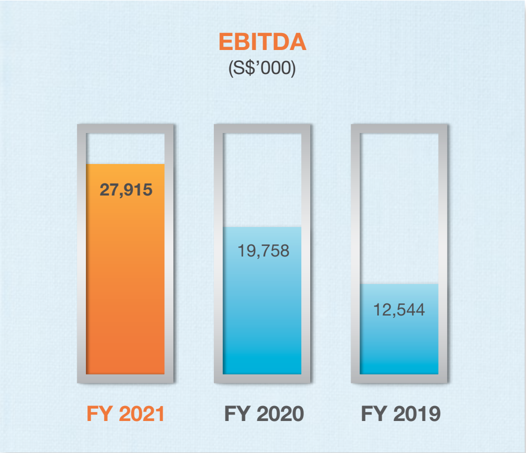
GROUP FINANCIAL HIGHLIGHTS

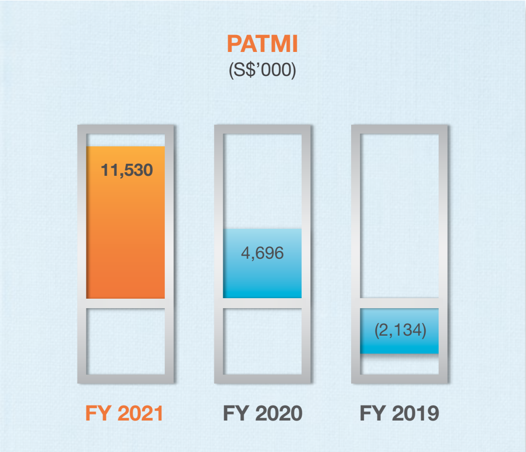
Financial Year Ended 31 May

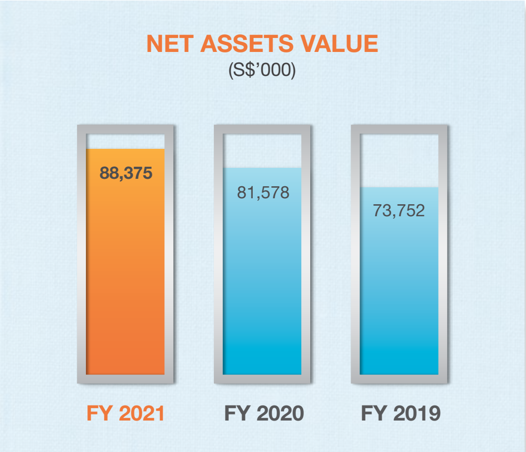












Financial Year Ended 31 May	2021	2020	2019
FOR THE FINANCIAL YEAR (S$'000)			
Revenue	**118,986**	107, 262	88,244
Profit/(Loss)			
EBITDA	**27,915**	19,758	12,544
Before tax	**17,158**	8,424	178
After tax	**11,874**	4,824	(1,928)
After tax and minority interests	**11,530**	4,696	(2,134)
PER SHARE			
Earnings/(Loss)			
After tax and minority interest (Singapore cents)	**1.49**	0.61	(0.31)
Weighted average number of issued/ shares (thousand)	**776,340**	773,928	688,532
Number of issued shares as at 31 May (thousand)	**794,700**	794,700	694,700
AT YEAR-END (S$'000)			
Net assets	**88,375**	81,578	73,752
Net tangible assets	**81,315**	70,908	64,436
Shareholders' funds	**88,375**	76,760	68,819
Minority interests	**-**	4,818	4,933
Capital employed	**169,426**	153,188	139,665
Bank borrowings	**62,839**	64,912	69,290
Debt-to-equity ratio	**71.1%**	79.6%	93.9%
RETURN ON SHAREHOLDERS' FUNDS			
Profit/(Loss) before tax	**19.4%**	11.0%	0.3%
Profit/(Loss) after tax and minority interest	**13.0%**	6.1%	(3.1%)
SHAREHOLDERS' VALUE			
Share price as at last trading day in May (S$)	**0.132**	0.063	0.068

Note:

EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortisation

Capital employed – Total Assets Less Current Liabilities

PERFORMANCE REVIEW

Amid the world's battle against the coronavirus pandemic since March 2020, the Group stepped up its efforts in its profit-generating divisions in the financial year ended 31 May 2021 ("**FY2021**"), particularly the warehousing & logistics division. The Group not only integrated its various value-added services with digitalisation to enhance efficiency in its supply chain solutions, but also obtained the good distribution practices ("**GDP**") certification for two of its warehouses, which allows them to store pharmaceutical products. This GDP certification could potentially broaden the Group's customer base in the healthcare supply chain, and further strengthen the Group's capabilities and position in the warehousing & logistics industry.

During FY2021, the warehousing & logistics division had successfully renewed its lease with cost savings for its 30 Pioneer Road warehouse cum office property in Singapore, commencing 15 April 2021 for another five years. This was followed by the acquisition of the remaining 30% stake in Marquis Services Pte Ltd ("**Marquis**") for S$2.7 million, making it a wholly-owned subsidiary, on 30 April 2021. The acquisition facilitated the integration of Marquis into the Group to further strengthen its dangerous cargo storage capabilities (Class 2, 3, 4, 5.1, 6.1, 8 and 9) and industrial coating blending services. As part of its streamlining efforts, the Group completed the disposal of its 65% stake in Van Der Horst Logistics Limited ("**VDHL**") and its subsidiary, which holds a warehouse property in Shanghai, China, with the receipt of 50% of the sale consideration of RMB 58.5 million (equivalent to approximately S$11.7 million). Shareholders will be updated when the remaining 50% of the sale proceeds are received.

The Group's strategic investment in infrastructural materials and services in China continues to register healthy revenue and earnings growth on the back of China's urbanisation plans in the rural cities. During FY2021, the Group embarked on its capacity expansion plans to cope with the anticipated rising demand for ready-mix concrete ("**RMC**"), specifically in Guangxi, China. Wuzhou Xing Jian Readymix Co., Ltd 梧州市星建混凝土 ("**Wuzhou Xing Jian**"), the Group's first automated RMC manufacturing facility in Wuzhou City, China, raised its installed production capacity from 800,000 m^3 per annum to 1.2 million m^3 per annum in late 2020. The newly developed automated RMC manufacturing facility in Cenxi City, Cenxi Xing Jian Readymix Co., Ltd 岑溪星建混凝土 with an installed production capacity of 400,000 m^3 per annum, experienced a delay in completion and has only commenced trial production in July 2021. In anticipation of an increase in demand for RMC in these two cities located in Guangxi, China, the Group has also increased its fleet of concrete mixer trucks to 70 vehicles.

The Group has also made progress with its other investments including (i) the 24%-owned construction waste materials recycling plant under Cenxi Haoyi Recycling Co., Ltd 岑溪好易再生资源 ("**Cenxi Haoyi**"), which has completed construction and commenced trial production in November 2020, (ii) the 18% stake in Wuzhou Zi Wang Quarry Co., Ltd 梧州市梓旺石业 that involves limestone mining and production in Cangwu County, which has completed the construction of the infrastructure at the mine site, and (iii) the diversification into agri-tech business, GKE Agritech Pte. Ltd. ("**GKE Agritech**"), by converting the unutilised office space in one of its Singapore warehouse premise into indoor vegetables cultivation area. GKE Agritech has obtained its farm licence from Singapore Food Agency on 27 March 2021. The Group is looking to expand the indoor cultivation area from the current 2,400 square feet to 12,500 square feet, as well as to increase the vegetables variety gradually. Overall, the Group expects contributions from these new investments to be gradual as these start-up businesses will take time to stabilise.

With the resurgence of coronavirus variants amid the increasing inoculations, the Group remains vigilant and continues to maintain strict operational protocols to safeguard the health and safety of its employees, customers and their third-party contractors.

In the financial year under review, the Group's revenue grew 10.9% year-on-year from S$107.3 million in FY2020 to S$119.0 million in FY2021. The increase in revenue was mainly driven by higher revenue contributions from its RMC manufacturing facility in Wuzhou City, China on increased productivity, as well as higher utilisation of warehouse space and increase in trucking volume in its Singapore warehousing and logistics operations.

Cost of sales increased by 5.7% year-on-year from S$85.4 million in FY2020 to S$90.3 million in FY2021. Gross profit improved by 31.4% from S$21.8 million in FY2020 to S$28.7 million in FY2021 in tandem with higher revenue from the RMC manufacturing facility in China, better utilisation of the warehouses and government support schemes in Singapore. Correspondingly, gross margin rose from 20.4% in FY2020 to 24.1% in FY2021.

Other income arising from interest income, government grants, and gain on disposal of fixed assets, increased from S$3.1 million in FY2020 to S$7.3 million in FY2021. The increase was mainly due to gain on disposal of subsidiaries of approximately S$2.5 million and government support schemes.

Operating expenses comprising marketing and distribution costs and administrative expenses, increased by 22.8% year-on-year from S$13.2 million in FY2020 to S$16.2 million in FY2021. This was mainly due to higher marketing and distribution expenses for Wuzhou Xing Jian, an increase in staff cost, impairment loss on goodwill, allowance for expected credit loss, and depreciation expenses in the year under review.

Finance costs decreased by 16.8% year-on-year from S$3.4 million in FY2020 to S$2.8 million in FY2021 due mainly to lower interest on lease liabilities.

Net foreign exchange gain resulted in an increase in other credit, up from S$75,000 in FY2020 to S$0.2 million in FY2021 resulting from net foreign exchange gain.

The share of loss from associates increased from S$29,000 in FY2020 to S$90,000 in FY2021, stemming from the start-up costs of the 24% owned construction waste materials recycling plant, Cenxi Haoyi Recycling Co., Ltd in China.

Taking into account the aforementioned and the increase in tax expense from S$3.6 million in FY2020 to S$5.3 million in FY2021, the Group more than doubled its net profit attributable to shareholders from S$4.7 million in FY2020 to S$11.5 million in FY2021.

PERFORMANCE REVIEW

STATEMENT OF FINANCIAL POSITION

The balance sheet of the Group was further strengthened as at 31 May 2021. The Group's equity attributable to owners of the Company increased from S$76.8 million as at 31 May 2020 to S$88.4 million as at 31 May 2021. The increase was mainly due to the net profit generated for the financial year, which was partially offset against the increase in treasury shares purchased from the open market. Net asset value per share increased from 9.82 Singapore cents as at 31 May 2020 to 11.40 Singapore cents as at 31 May 2021, based on the share capital of 781.5 million shares and 775.1 million shares, respectively.

Non-current assets decreased by S$6.3 million or 4.6% from S$136.7 million as at 31 May 2020 to S$130.4 million as at 31 May 2021, mainly due to (i) the disposal of VDHL and its subsidiary, and (ii) the depreciation and amortisation of property, plant and equipment ("**PPE**"). The decrease was partially offset by the acquisition of PPE and additional capital contribution in the associate, Cenxi Haoyi.

Current assets increased by S$21.6 million or 36.0% from S$60.0 million as at 31 May 2020 to S$81.7 million as at 31 May 2021. The increase was mainly due to (i) higher trade receivables from Wuzhou Xing Jian of approximately S$8.0 million, and (ii) the increase in cash and cash equivalents from S$23.1 million as at 31 May 2020 to S$30.9 million as at 31 May 2021.

Non-current liabilities increased by S$9.4 million or 13.2% from S$71.6 million as at 31 May 2020 to S$81.1 million as at 31 May 2021. The increase was due to lease liabilities arising from the lease renewal of a property by approximately S$13.0 million, which was offset by the repayment of bank loans.

Current liabilities decreased by S$0.9 million or 2.0% from S$43.5 million as at 31 May 2020 to S$42.6 million as at 31 May 2021. This was mainly due decrease in the fair value of derivative liabilities and repayment of principal portion of lease liabilities, which was offset by the increase in trade and other payables.

CASH FLOWS

The Group generated S$25.2 million net cash from operating activities in FY2021, compared with S$23.4 million in FY2020. The increase was mainly due to positive operating cash flows before changes in working capital of S$34.8 million, adjusted by a decrease in net working capital of S$5.0 million, as well as interest received and income tax paid of S$30,000 and S$4.6 million, respectively.

Net cash used in investing activities was S$0.4 million in FY2021. This was mainly due to the net cash outflow from (i) capital contribution into investment in associate of S$0.9 million, and (ii) the purchase of PPE of S$5.5 million, which was offset by (i) the disposal of subsidiaries of S$5.6 million and (ii) proceeds of disposal of financial assets at fair value of S$0.3 million.

Net cash used in financing activities amounting to S$15.8 million in FY2021, up from S$9.2 million in FY2020. This was mainly due to (i) the repayment of principal portion of lease liabilities amounting to S$8.3 million, (ii) purchase of treasury shares of S$0.5 million, and (iii) repayment of loans and interest expenses, which was offset by proceeds from bank borrowings of S$6.6 million.

EXPLORING GREEN SUSTAINABILITY UNLOCKING POTENTIAL

Our pursuit in ramping up our sustainable value has led to us including agriculture in our businesses. We have converted available premises into a 2,400 square feet indoor farm with the aim of providing safe and top-quality vegetables, starting with indoor Kale cultivation. We use a vertical racking system to protect and maintain the development of the crops, and will expand our cultivation area to 12,500 square feet as we seek to grow this new business and build value for our stakeholders.

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 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, 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. She is currently a director of Viola Investment Pte Ltd.

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. Prior to this appointment, he was with Lee Kim Tah Holdings Limited as an Accountant. 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.

BOARD OF DIRECTORS

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 20 years of banking experience with DBS Bank Ltd where he was formerly a Managing Director of Enterprise Banking.

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

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 practices in the areas of corporate finance, specialising in mergers and acquisitions and private equity work. He has extensive experience in advising international and domestic companies (both public and private) on a broad range of cross-border corporate finance transactions in Asia.

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. He also has experience in funds related work, advising on financial services regulatory and compliance issues and general discretionary fund management matters. Mr. Ho graduated from the National University of Singapore with a Second Class Upper degree in Bachelor of Laws (Honours) 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 Religare Capital Markets ("RCM") group. Mr. Wong also has preceding working experience at UBS AG, Singapore branch and Allen & Gledhill LLP. Mr Wong graduated with a Bachelor of Laws (Honours) from the National University of Singapore in 2000.

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 for 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 from Charles Sturt University with a Bachelor Degree in Business Administration and Economics.

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 Holdings (HK) Co., Limited and assists 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 holds 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 the Group's accounting and finance functions 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 joined the Group in March 2015 and is the Group Senior Finance Manager. He is responsible for the Group's financial and management reporting.

Mr. Toh has more than 15 years of experience in accounting and finance. Prior to joining the Group, he was the Finance Manager with Koon Holdings Limited and Food Junction Holdings Limited.

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 (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

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COMPANY SECRETARY

Ms. Shirley Tan Sey Liy (ACS, ACG)

AUDITOR

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Partner-in-charge:
Mr. Philip Ling Soon Hwa
Date of appointment: 1 June 2018

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Registered Professional:
Mr. Lay Shi Wei

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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 recognize 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 fiduciary 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. The 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 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 and they play an important role in ensuring good corporate governance in the Company and within the Group. The terms of reference 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 FY2021 and the attendance of each Director at these meetings:

	Board		AC		NC		RC		AGM		EGM	
Name of Directors	**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	4	4*	2	2*	2	2*	1	0	1	0
Neo Cheow Hui	4	4	4	4*	2	2*	2	2*	1	1	1	1
Qian Wen Hua	4	4	4	4*	2	2*	2	2*	1	1	1	1
Ho Ying Ming	4	4	4	4*	2	2	2	2	1	1	1	1
Andrew Chua Thiam Chwee	4	4	4	4	2	2	2	2*	1	1	1	1
Wong Quee Quee, Jeffrey	4	4	4	4	2	2	2	2	1	1	1	1
Loy Soo Chew	4	4	4	4	2	2*	2	2	1	1	1	1

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 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 the 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 the training for the Directors shall be borne by the Company.

In October 2015, the 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 auditors as well as the resolution for reappointment of the external auditors based on the AQIs set out in the Revised AQIs Framework.

Newly-appointed Directors undergo an orientation program with materials provided to help them get familiarised with the business and organisation structure of the Group. Management provides 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 the Management.

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 FY2021.

Directors have separate and independent access to Management, the Company Secretary, and external advisers (where necessary) at the Company's expense. The appointment and removal of the Company Secretary is a decision 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 conduct 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.

There is adequate relevant competence on the part of the Directors, who, as a group, carry specialist backgrounds in accounting, finance, business and management, strategic planning and law.

The Board noted that gender diversity on the Board is also one of the recommendations under the Code to provide an appropriate balance of diversity. Hence, the current Board comprises six male directors and one female director.

The Independent Directors participate actively during Board meetings. In addition to providing constructive advice to the Management on pertinent issues affecting the affairs and business of the Group, the Independent Directors also review the Management's performance in meeting goals and objectives of the Group's business segments.

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. Where necessary, the Company co-ordinates informal meetings for Independent Directors to meet without the presence of the Executive Directors and/or Management and provide feedback when appropriate.

REPORT OF CORPORATE GOVERNANCE

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. The Group keeps the posts of Chairman and CEO separate. 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 Executive Chairman and the CEO are not related.

The Chairman ensures that Board members are provided with complete, adequate and timely information. The Chairman ensures that procedures are introduced to comply with the Code and ensures effective communications within the Board and with the shareholders.

The responsibilities of the Chairman which includes:

- scheduling of meetings to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations;
- ensuring that Directors receive accurate, timely and clear information;
- ensuring effective communication with shareholders;
- ensuring the Group's compliance with the Code; and
- acting in the best interest of the Group and of the shareholders.

All major decisions made by the Board are subject to majority approval of the Board.

Notwithstanding that the Executive Chairman, Mr. Chen Yong Hua, is part of the management team and is not considered 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 co-ordinate and lead the Independent Directors in providing a non-executive perspective and contribute to a balance of viewpoints on the Board. He is the main liaison on Board issues between the Independent Directors and the Chairman. He is available to shareholders where they have concerns when contact through the normal channels of the Chairman, the CEO, or the Chief Financial Officer has failed to resolve or where such communication is inappropriate or inadequate.

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.

REPORT OF 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 comprises three (3) Independent Directors as follows:

<u>Nominating Committee</u>
Mr. Andrew Chua Thiam Chwee (Chairman)
Mr. Wong Quee Quee, Jeffrey
Mr. Ho Ying Ming

The Board is of the view that as all members of the NC are all Independent Directors, there is sufficient independent element in the committee. The Lead ID, who is also the AC chairman, should focus on the AC matters instead. Notwithstanding, the Lead ID was invited to attend all NC meetings during FY2021.

The NC is regulated by its terms of reference and its principal functions are as follows:

- 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.

In selecting new Directors, the NC will seek to identify the competencies required to enable the Board to fulfil its responsibilities. Recommendations for appointment of new Directors are put to the Board for its consideration and/or approval. New Directors are appointed by way of a Board resolution following which they are subject to re-election at the next Annual General Meeting ("**AGM**").

The Company's Constitution requires one-third of the Board to retire by rotation at every AGM every three (3) years. Directors who retire are eligible to offer themselves for re-election. Each member of the NC shall abstain from voting on any resolutions in respect to his re-nomination as a Director.

The NC has recommended to the Board that Mr. Andrew Chua Thiam Chwee, Mr. Ho Ying Ming and Mr. Wong Quee Quee, Jeffrey be nominated for re-election at the forthcoming AGM. The Board had accepted the recommendations and the retiring Directors will be offering themselves for re-election.

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.

REPORT OF CORPORATE GOVERNANCE

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. 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 18 to 20 and 42 to 54 of the Annual Report.

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	√
Mr. Andrew Chua Thiam Chwee	Independent Director	Board Member, Chairman of NC, and Member of AC	30 September 2015 / 24 September 2019	√
Mr. Wong Quee Quee, Jeffrey	Independent Director	Board Member, Member of AC, NC and RC	15 April 2019 / 24 September 2019	√

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

REPORT OF CORPORATE GOVERNANCE

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 decides on how the Board's performance is to be evaluated and to propose objective performance criteria, subject to the Board's approval, which address how the Directors have 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. Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as a Director.

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 director respectively to assess the overall effectiveness of the Board, Board Committees and individual director. 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 FY2021.

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 three (3) Independent Directors as follows:

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 terms of reference 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.

REPORT OF CORPORATE GOVERNANCE

The RC is regulated by its terms of reference 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.

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.

No Director will be involved in determining his own remuneration.

The RC has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises. The expense of such services shall be borne by the Company. There were no remuneration consultants engaged by the Company in FY2021.

In reviewing the service agreements of the Executive Directors and key management personnel of the Company, the RC will review the Company's obligations arising in the event of termination of these service agreements, 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.

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 their remuneration packages commensurate with their performance and that of the Company. For FY2021, the RC is satisfied that the performance conditions for the Executive Directors and key management personnel were met.

The Company does not have any employee share option scheme or other long-term employee incentive scheme.

The Independent and Non-Executive Directors do not have service agreements with the Company. They are paid fixed Directors' fees, which are determined by the Board, appropriate to the level of their contributions, taking into account factors such as the effort and time spent and the responsibilities of the Independent Director. The fees are subject to approval by the shareholders at each AGM. Save for Directors' fees as disclosed in Principle 8 on page 32 of this report, the Independent Directors do not receive any other remuneration from the Company in FY2021.

REPORT OF CORPORATE GOVERNANCE

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.

A breakdown, showing the level and mix of each individual Director's remuneration for the FY2021 are as follows:

Directors

Names	Directors' Fees[1] (%)	Salary (%)	Bonus (%)	Benefits (%)	Total (%)
S$500,000 to S$750,000					
Chen Yong Hua	0	47	52	1	100
Neo Cheow Hui	0	49	47	4	100
Below S$250,000					
Qian Wenhua	0	92	7	1	100
Loy Soo Chew	100	0	0	0	100
Wong Quee Quee, Jeffrey	100	0	0	0	100
Ho Ying Ming	100	0	0	0	100
Andrew Chua Thiam Chwee	100	0	0	0	100

Note:

(1) These fees are subject to the approval of the shareholders at the forthcoming AGM.

A breakdown, showing the level and mix of top key management personnel who are not Directors or the CEO of the Company for FY2021 are as follows:

Name of Key Management Personnel	Salary %	Bonus %	Benefits %	Total %
S$250,000 to S$500,000				
Chai Hwee Hoon, Doreen	64	35	1	100
Neo Hwee Lee, Marina[1]	62	37	1	100
Chua Wei Chye Lawrence	62	37	1	100
Below S$250,000				
Li Zi Yan	82	16	2	100
Toh Cheng Chye	78	21	1	100

REPORT OF CORPORATE GOVERNANCE

Details of remuneration paid to the immediate family member of Directors, the CEO or a substantial shareholder of the Company for FY2021 are as follows:

Name of Immediate Family Member	Salary %	Bonus %	Benefits %	Total %
S$250,000 to S$500,000				
Neo Hwee Lee, Marina[(1)]	62	37	1	100
Chen Jiang Nan[(2)]	59	40	1	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 CEO whose remuneration exceeds S$100,000 in the Group's employment during the financial year under review.

For FY2021, the aggregate total remuneration paid to the key management personnel (who are not the Directors or the CEO) of the Company amounted to S$1,453,828.

For FY2021, there were no terminations, retirement or post-employment benefits granted to the Directors and key management personnel other than the standard contractual notice period termination payment in lieu of service.

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 remuneration of the Directors, key management personnel and immediate family members in the Annual Report and that the disclosure based on the above remuneration bands is appropriate.

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**") programme, management reviews of key transactions, and the assistance of independent consultants such as the Group's external and internal auditor to review financial statements and internal controls covering key risk areas.

REPORT OF CORPORATE GOVERNANCE

The Group has implemented an ERM programme 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 an 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.

  In addition to the above ERM reports, the Board has also received assurance from the CEO and the Chief Financial Officer 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 AC, is of the opinion that, the system of internal controls and risk management maintained by Management throughout the FY2021 is adequate and effective to address the financial, operational, compliance and information technology risks.

REPORT OF CORPORATE GOVERNANCE

The Board and AC are of the opinion that, the Company's internal controls including financial, operational, compliance, and 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 auditor and external auditor;
- 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 Audit Committee ("AC") which discharges its duties objectively.

The AC comprises three (3) Independent Directors as follows:

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

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

The AC schedules a minimum of four (4) meetings in each financial year. The meetings are held, inter alia, for the following purposes:

- 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 external and internal auditors;
- 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 external and internal 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;

REPORT OF CORPORATE GOVERNANCE

- 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 the SGX-ST; and

- Reviewing the assurance from the CEO and the CFO on the financial records and financial statements.

Mr. Andrew Chua Thiam Chwee is the Managing Director of SME Care Pte Ltd since January 2010. Mr. Loy Soo Chew is the Group Managing Director of Kian Ann Engineering Pte Ltd. Mr. Wong Quee Quee, Jeffrey is the Chief Executive Officer of SooChow CSSD Capital Markets (Asia) Pte. Ltd. since 2018 and Independent Director of Procurri Corporation Limited and GSS Energy Limited. The Board is of the view that the members of the AC are appropriately qualified, having the necessary experience and expertise required to discharge their responsibilities.

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 will meet with the external auditor and internal auditor, without the presence of the Management, as and when necessary, to review the adequacy of audit arrangements, with emphasis on the scope and quality of its audit and the independence, objectivity and observations of the external auditor.

Annually, the AC meets with the external auditor and internal auditor without the presence of the Management and conducts a review of all non-audit services provided by the external auditor to the Group, and is satisfied that the nature and extent of such services do not affect the independence and objectivity of the external auditor. Fees paid or payable by the Company to the external auditor for non-audit services and audit services for FY2021 amounted to S$73,000 and S$201,000 respectively.

In the review of the financial statements for FY2021, 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.

REPORT OF CORPORATE GOVERNANCE

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.

As of the date of this Annual Report, there were no reports received 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 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 auditors. 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.

The BDO LLP 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 FY2021.

The AC decides on the appointment, removal, termination, evaluation and compensation of the internal auditors. 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.

REPORT OF CORPORATE GOVERNANCE

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 FY2021 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 audiovisual 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 2021 ("**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/gke2021.

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. In light of the current COVID-19 measures in Singapore, shareholders will not be able to attend the general meetings in person. Shareholders must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the Meeting if such shareholder wishes to exercise his/her/its voting rights at the general meeting.

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/gke2021.

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 Chairman of the AC, NC and RC are normally present and 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 auditors' 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 meetings during FY2021 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 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.

REPORT OF CORPORATE GOVERNANCE

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 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 study for its feasibility to ensure that the integrity of the information and the authenticity of the shareholder's identity is 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 as soon as practicable.

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 0.40 Singapore cent per ordinary share in respect of FY2021 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 for establishing effective communication among the stakeholders through regular engagement and various communication platforms to achieve mutually beneficial goals.

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, Chapter 50 of Singapore and Singapore Financial Reporting Standards;

- 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 FY2021 will not be advertised in a national newspaper. Instead, the Company has arranged the notices of AGM and EGM (if applicable) for FY2021 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/gke2021.

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.

REPORT OF CORPORATE GOVERNANCE

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 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 FY2020 and 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 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.

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.

The Company and its officers are not allowed to deal in the Company's shares during the period commencing one month before the announcement of the Company's half year and full-year financial results, and ending on the date of the announcement of the relevant results.

Directors and executives are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period or when they are in possession of unpublished price-sensitive information and they are not to deal in the Company's securities on short-term considerations.

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 Company does not have any shareholders' mandate for interested person transactions.

REPORT OF CORPORATE GOVERNANCE

MATERIAL CONTRACTS AND LOANS

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.

USE OF PROCEEDS

During the financial year 2020, the Company had raised a net proceeds of S$6,950,000 ("**Net Proceeds**") from the issuance of new ordinary shares in relation to the Placement. The Net Proceeds has been fully utilised during FY2021.

The details on the utilisation of the Net Proceeds are in the table below:

	Amount (S$'000)
Net proceeds from the Placement	6,950
Purpose	
Expansion of business in the People's Republic of China, such as the proposed investment in the construction of a new ready-mix cement plant	5,000
General working capital purposes	1,950
Net proceeds balance	–

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 FY2021.

REPORT OF CORPORATE GOVERNANCE

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:

	Name of Director		
Details	**Andrew Chua Thiam Chwee**	**Ho Ying Ming**	**Wong Quee Quee, Jeffrey**
Date of Appointment	30 September 2015	30 September 2015	15 April 2019
Date of last re-appointment (if applicable)	24 September 2019	24 September 2019	24 September 2019
Age	69	44	46
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. Andrew Chua 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. Andrew Chua to be independent for the purpose of Rule 704(6) of the Catalist Rules.	The Board of the Company has accepted the NC's recommendation, who has reviewed and considered Mr. Ho 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. Ho to be independent for the purpose of Rule 704(6) of the Catalist Rules.	The Board of the Company has accepted the NC's recommendation, who has reviewed and considered Mr. Jeffrey Wong 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. Jeffrey Wong to be independent for the purpose of Rule 704(6) of the Catalist Rules.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Nominating Committee Chairman and Audit Committee Member	Remuneration Committee Chairman and Nominating Committee Member	Audit Committee, Nominating Committee and Remuneration Committee Member

REPORT OF CORPORATE GOVERNANCE

Details	Name of Director		
	Andrew Chua Thiam Chwee	Ho Ying Ming	Wong Quee Quee, Jeffrey
Professional qualifications	Bachelor of Business Administration	Bachelor of Laws	• Chartered Valuer and Appraiser Programme from Nanyang Technological University and Institute of Valuers and Appraisers • CMFAS Module 4A (Rules and Regulations for Advising on Corporate Finance) from the Institute of Banking and Finance Singapore • CMFAS Module 1B (Rules & Regulations for Dealing in Securities (Non-SGX-ST Members)) from the Institute of Banking and Finance Singapore • CMFAS Module 6 (Securities Products & Analysis) from the Institute of Banking and Finance Singapore from the Institute of Banking and Finance Singapore • Solicitor of the Supreme Court of England and Wales • Advocate and Solicitor of the Supreme Court of Singapore • Bachelor of Laws (Honours) (Second Class Upper) from National University of Singapore

REPORT OF CORPORATE GOVERNANCE

Details	Name of Director Andrew Chua Thiam Chwee	Name of Director Ho Ying Ming	Name of Director Wong Quee Quee, Jeffrey

Working experience and occupation(s) during the past 10 years	• January 2010 to Present: SME Care Pte Ltd, Managing Director
	• December 2015 to Present: Lum Chang Holdings Limited, Independent Director
	• 2017 to Present: SME Care Holdings Pte Ltd, Director
	• 2019 to Present: Dovechem Packaging Pte. Ltd.
	• 2019 to Present: Le-Kai Investment Holding Co Pte. Ltd.
		• Year 2005 to 2010: Morrison & Foerster LLP
		• Year 2010 to 2011: Wong Partnership LLP
		• Year 2011 to Present: Shook Lin & Bok LLP, Partner
			• July 2010 to December 2011:
			  • Religare Capital Markets Corporate Finance Pte. Limited, Chief Operating Officer, Investment Banking
			• December 2011 to November 2012:
			  • Religare Capital Markets Corporate Finance Pte. Limited, Chief Operating Officer
			• November 2012 to November 2014:
			  • Religare Capital Markets Corporate Finance Pte. Limited, Managing Director, Investment Banking
			• November 2014 to November 2017:
			  • Religare Capital Markets Corporate Finance Pte. Limited, Head of Investment Banking
			• December 2017 to April 2018:
			  • SooChow CSSD Capital Markets (Asia) Pte. Ltd., Head of Investment Banking

REPORT OF CORPORATE GOVERNANCE

Details	Name of Director Andrew Chua Thiam Chwee	Name of Director Ho Ying Ming	Name of Director Wong Quee Quee, Jeffrey
			• April 2018 to Present: • SooChow CSSD Capital Markets (Asia) Pte. Ltd., Chief Executive Officer
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil	Nil
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	Nil	Nil	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)** **Present** • Independent Director of Lum Chang Holdings Limited • Managing Director of SME Care Pte Ltd • Managing Director of SME Care Holdings Pte Ltd • Managing Director of Le-Kai Investment Holdings Co Pte Ltd • Independent Director of KTL Global Ltd	**Past (for the last 5 years)** **Present** • Partner of Shook Lin & Bok LLP	**Past (for the last 5 years)** • Year 2018 to Year 2020: Sunstone Capital Markets Pte. Ltd., Non-Executive Director • Year 2013 to Year 2020: Solum Capital Limited, Non-Executive Director • Year 2019 to Year 2020: Rich Capital Holdings Limited, Independent Non-Executive Director, Member of Nominating, Remuneration and Audit Committees • Year 2013 to Year 2019: Honestbee Pte. Ltd., Non-Executive Director

REPORT OF CORPORATE GOVERNANCE

Details	Name of Director		
	Andrew Chua Thiam Chwee	Ho Ying Ming	Wong Quee Quee, Jeffrey
			• Year 2013 to Year 2019: The Cub SG Pte. Ltd., Non-Executive Director • 2 May 2017 to 12 December 2017: Libra Group Limited, Lead Independent Director, Chairman of the Audit Committee and member of the Nominating and Remuneration Committees • Year 2010 to Year 2017: Religare Capital Markets Corporate Finance Pte. Limited, Executive Director • Year 2012 to Year 2016: Bartleet Wealth Management (Private) Limited • Year 2020 to Year 2021: Hwa Chong Alumni Association, Special Council Member **Present** • Year 2021: GSS Energy Limited, Independent Non-Executive Director, Chairman of the Audit Committee and member of the Nominating and Remuneration Committees. • Year 2021: Hwa Chong Alumni Association, Deputy Secretary General

REPORT OF CORPORATE GOVERNANCE

Details		Name of Director Andrew Chua Thiam Chwee	Ho Ying Ming	Wong Quee Quee, Jeffrey
				• Year 2019: Singapore Judo Federation, Assistant Honorary Secretary General • Year 2018: DHC Capital Pte Ltd, Senior Advisor • Year 2018: SooChow CSSD Capital Markets (Asia) Pte. Ltd., Executive Director and Chief Executive Officer • Year 2017: Management Committee Strata Title 3682, Member • Year 2016: Procurri Corporation Limited Independent Non-Executive Director, Chairman of the Nominating Committee and member of the Audit and Remuneration Committees
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

REPORT OF CORPORATE GOVERNANCE

Details		Name of Director		
		Andrew Chua Thiam Chwee	Ho Ying Ming	Wong Quee Quee, Jeffrey
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
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

REPORT OF CORPORATE GOVERNANCE

Details		Name of Director		
		Andrew Chua Thiam Chwee	**Ho Ying Ming**	**Wong Quee Quee, Jeffrey**
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
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

REPORT OF CORPORATE GOVERNANCE

Details		Name of Director		
		Andrew Chua Thiam Chwee	Ho Ying Ming	Wong Quee Quee, Jeffrey
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
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 :—			
	i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	Yes Please refer to KTL Global Limited's announcement on 26 August 2021 for more details.	No	No

REPORT OF CORPORATE GOVERNANCE

Details		Name of Director		
		Andrew Chua Thiam Chwee	**Ho Ying Ming**	**Wong Quee Quee, Jeffrey**
	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
	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	Yes Mr. Wong Quee Quee, Jeffrey was an executive board director of Religare Capital Markets Corporate Finance Pte. Limited ("**RCMCF**") between December 2010 and November 2017. In July 2016, RCMCF received a supervisory reminder from the Monetary Authority of Singapore (the "**Authority**") informing RCMCF in respect of its breach of Regulation 6(1)(a) of the Securities and Futures (Financial and Margin Requirements

REPORT OF CORPORATE GOVERNANCE

Details		Name of Director		
		Andrew Chua Thiam Chwee	Ho Ying Ming	Wong Quee Quee, Jeffrey
				for Holders of Capital Markets Services Licences) Regulations ("**SF(FRM)R**"), which required the holder of a capital markets services licence granted under the Singapore Securities and Futures Act to ensure that its financial resources do not fall below its total risk requirement. In July 2017, another breach of the SF(FRM)R by RCMCF was notified to the Authority. After his resignation as executive director of RCMCF in November 2017, he was informed by RCMCF that the Authority had, in February 2018, issued another supervisory reminder to remind RCMCF to ensure compliance with all applicable regulations at all time. Mr. Wong Quee Quee, Jeffrey is an independent non-executive director of Procurri Corporation Limited ("**Procurri**"). On 4 August 2020, the MAS issued a reminder to Procurri to comply with Section 137G(1) of the Securities and Futures Act.

REPORT OF CORPORATE GOVERNANCE

Details		Name of Director		
		Andrew Chua Thiam Chwee	**Ho Ying Ming**	**Wong Quee Quee, Jeffrey**
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
If yes, please provide details of prior experience.		• Lum Chang Holdings Limited • KTL Global Limited • GKE Corporation Limited	• GKE Corporation Limited	• Procurri Corporation Limited • Rich Capital Holdings Limited • Libra Group Limited • GKE Corporation Limited • GSS Energy 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. Andrew Chua Thiam Chwee	Independent Director	Board Member, Chairman of Nominating Committee and Member of Audit Committee	• Lum Chang Holdings Limited • KTL Global Limited	Nil
Mr. Ho Ying Ming	Independent Director	Board Member, Chairman of Remuneration Committee and Member of Nominating Committee	• Partner of Shook Lin & Bok LLP	Nil
Mr. Loy Soo Chew	Lead Independent Director	Board Member, Chairman of Audit Committee and Member of Remuneration Committee	• Kian Ann Engineering Ltd. (delisted)	• Advancer Global Limited
Mr. Wong Quee Quee, Jeffrey	Independent Director	Board Member, Member of Audit, Nominating and Remuneration Committee	• Procurri Corporation Limited • GSS Energy LImited • Soochow CSSD Capital Markets (Asia) Pte. Ltd.	• Libra Group Limited • Rich Capital Holdings Limited

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 2021.

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 2021 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, 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, offer themselves for re-election at the forthcoming AGM for the financial year ended 31 May 2021:

Regulation 107

Ho Ying Ming
Andrew Chua Thiam Chwee
Wong Quee Quee, Jeffrey

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, Chapter 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of Director	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Ordinary shares of the Company				
Chen Yong Hua	17,200,000	17,200,000	50,000,000	50,000,000
Neo Cheow Hui	27,445,300	27,445,300	500,000	500,000
Qian Wen Hua	56,760,000	56,760,000	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 June 2021.

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.

Options

During the financial year, no options to take up unissued shares of the Company or any subsidiary were granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company or any subsidiary. There were no unissued shares of the Company or any subsidiary under option at the end of the financial year.

DIRECTORS' STATEMENT

Audit Committee

The audit committee ("**AC**") carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter 50, 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 external and internal 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 external and internal 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;

- 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.

DIRECTORS' STATEMENT

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
27 August 2021

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 May 2021

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 2021, 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, Chapter 50 (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 2021 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 2021

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

Key Audit Matters (cont'd)

Impairment assessment on goodwill

As at 31 May 2021, the Group has goodwill amounting to $3,341,000, which are allocated to 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 rate and long-term growth rates which are affected by uncertainties around future market or economic conditions.

Following management's assessment, the Group recognised an impairment charge of $402,000 during the financial year against the goodwill allocated to GKE Services Pte. Ltd., which resulted in the carrying amount of goodwill allocated to GKE Services Pte. Ltd. reduced to $2,026,000 as at 31 May 2021.

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 rate 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 and long-term growth rates used in the determination of the recoverable amount of the CGUs by comparing to entities with similar industry and geographical profiles and other publicly available 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.

Impairment of trade receivables

As at 31 May 2021, the carrying amount of the Group's trade receivables amounted to $40,973,000. This represents 19.3% of total assets on the consolidated financial statements and is 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 also assessed the adequacy of the disclosures related to the Group's trade receivables in Note 15 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 May 2021

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

Other Information

Management is responsible for the other information. The other information comprises information included in the Annual Report 2021, 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.

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.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 May 2021

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

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

- 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.

- 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.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 May 2021

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

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

27 August 2021

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 May 2021

	Note	2021 $'000	2020 $'000
Revenue	4	**118,986**	107,262
Cost of sales		**(90,289)**	(85,421)
Gross profit		**28,697**	21,841
Other income	5	**7,293**	3,078
Expenses			
Marketing and distribution costs		**(337)**	(214)
Administrative expenses		**(15,830)**	(12,950)
Finance costs	6	**(2,808)**	(3,377)
Other income		**233**	75
Share of results of associates		**(90)**	(29)
Profit before tax	7	**17,158**	8,424
Tax expense	8	**(5,284)**	(3,600)
Profit for the year		**11,874**	4,824
Profit attributable to:			
Owners of the Company		**11,530**	4,696
Non-controlling interests		**344**	128
Profit for the year		**11,874**	4,824
Earnings per share (cents per share) attributable to owners of the Company			
- Basic	9	**1.49**	0.61
- Diluted	9	**1.49**	0.61

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 2021

	2021 $'000	2020 $'000
Profit for the year	**11,874**	4,824
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Net change in fair value of cash flow hedges	**903**	(2,036)
Foreign currency translation	**1,101**	(121)
Realisation of foreign currency translation reserve from disposal of subsidiaries	**(477)**	–
Other comprehensive income for the year, net of tax	**1,527**	(2,157)
Total comprehensive income for the year	**13,401**	2,667
Attributable to:		
Owners of the Company	**12,920**	2,572
Non-controlling interests	**481**	95
Total comprehensive income for the year	**13,401**	2,667

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

BALANCE SHEETS

As at 31 May 2021

	Note	Group 31 May 2021 $'000	Group 31 May 2020 $'000	Company 31 May 2021 $'000	Company 31 May 2020 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	**123,394**	129,800	**245**	321
Intangible assets	11	**4,874**	5,563	**–**	–
Investments in subsidiaries	12	**–**	–	**43,792**	47,959
Investments in associates	13	**1,884**	997	**–**	–
Financial assets at fair value through profit or loss	14	**267**	313	**155**	207
Other receivables	15	**–**	–	**9,737**	7,763
Total non-current assets		**130,419**	136,673	**53,929**	56,250
Current assets					
Inventories	16	**687**	340	**–**	–
Trade and other receivables	15	**48,414**	35,247	**11,618**	11,834
Prepaid operating expenses		**1,663**	1,336	**33**	27
Cash and short-term deposit	17	**30,889**	23,100	**13,489**	6,459
Total current assets		**81,653**	60,023	**25,140**	18,320
Total assets		**212,072**	196,696	**79,069**	74,570
EQUITY AND LIABILITIES					
Equity					
Share capital	18	**85,145**	85,145	**85,145**	85,145
Treasury shares	19	**(1,531)**	(1,062)	**(1,531)**	(1,062)
Retained earnings/(accumulated losses)		**4,502**	(6,251)	**(26,965)**	(30,696)
Other reserves	20	**259**	(1,072)	**(97)**	(97)
Equity attributable to owners of the Company		**88,375**	76,760	**56,552**	53,290
Non-controlling interests		**–**	4,818	**–**	–
Total equity		**88,375**	81,578	**56,552**	53,290
Net current assets/(liabilities)		**39,007**	16,515	**5,092**	(2,830)

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

BALANCE SHEETS

As at 31 May 2021

	Note	Group 31 May 2021 $'000	Group 31 May 2020 $'000	Company 31 May 2021 $'000	Company 31 May 2020 $'000
Non-current liabilities					
Other liabilities	21	**2,322**	2,518	**–**	–
Borrowings	22	**52,907**	55,223	**2,455**	–
Lease liabilities	23	**24,604**	13,307	**–**	130
Deferred tax liabilities	24	**1,218**	562	**14**	–
Total non-current liabilities		**81,051**	71,610	**2,469**	130
Current liabilities					
Trade and other payables	25	**16,709**	13,855	**17,512**	20,155
Other liabilities	21	**7,813**	8,615	**1,767**	959
Derivative financial liabilities	26	**1,364**	2,036	**–**	–
Borrowings	22	**9,932**	9,689	**545**	–
Lease liabilities	23	**5,728**	8,010	**130**	36
Tax payable		**1,100**	1,303	**94**	–
Total current liabilities		**42,646**	43,508	**20,048**	21,150
Total liabilities		**123,697**	115,118	**22,517**	21,280
Total equity and liabilities		**212,072**	196,696	**79,069**	74,570

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 2021

Group 2021	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
		Attributable to owners of the Company										
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		–	–	(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 2021

Group 2020	Note	Share capital $'000	Treasury shares $'000	Accumulated losses $'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
		Attributable to owners of the Company										
Balance as at 1 June 2019		78,165	(672)	(10,429)	534	–	407	224	(97)	67,598	4,933	72,531
Profit for the year		–	–	4,696	–	–	–	–	–	4,696	128	4,824
Other comprehensive income:												
- Foreign currency translation		–	–	–	(88)	–	(88)	–	–	(88)	(33)	(121)
- Net change in fair value of cash flow hedges		–	–	–	(2,036)	(2,036)	–	–	–	(2,036)	–	(2,036)
Other comprehensive income for the year, net of tax		–	–	–	(2,124)	(2,036)	(88)	–	–	(2,124)	(33)	(2,157)
Total comprehensive income for the year		–	–	4,696	(2,124)	(2,036)	(88)	–	–	2,572	95	2,667
Contributions by and distributions to owners:												
- Dividends paid on non-controlling shares		–	–	–	–	–	–	–	–	–	(210)	(210)
- Issuance of ordinary shares, net	18	6,980	–	–	–	–	–	–	–	6,980	–	6,980
- Purchase of treasury shares	19	–	(390)	–	–	–	–	–	–	(390)	–	(390)
Total contributions by and distributions to owners		6,980	(390)	–	–	–	–	–	–	6,590	(210)	6,380
Total transactions with owners in their capacity as owners		6,980	(390)	–	–	–	–	–	–	6,590	(210)	6,380
Others												
Transfer to statutory reserve		–	–	(518)	518	–	–	518	–	–	–	–
Closing balance at 31 May 2020		85,145	(1,062)	(6,251)	(1,072)	(2,036)	319	742	(97)	76,760	4,818	81,578

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 2021

Company 2021	Note	Share capital $'000	Treasury shares $'000	Accumulated losses $'000	Capital reserve $'000	Total equity $'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
Contributions by and distributions to owners:						
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**

Company 2020	Note	Share capital $'000	Treasury shares $'000	Accumulated losses $'000	Capital reserve $'000	Total equity $'000
Balance as at 1 June 2019		78,165	(672)	(30,341)	(97)	47,055
Loss for the year		–	–	(355)	–	(355)
Total comprehensive income for the year		–	–	(355)	–	(355)
Contributions by and distributions to owners:						
Issuance of ordinary shares, net	18	6,980	–	–	–	6,980
Purchase of treasury shares	19	–	(390)	–	–	(390)
Total contributions by and distributions to owners		6,980	(390)	–	–	6,590
Closing balance at 31 May 2020		85,145	(1,062)	(30,696)	(97)	53,290

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 2021

	Note	2021 $'000	2020 $'000
Cash flows from operating activities:			
Profit before tax		**17,158**	8,424
Adjustments for:			
Depreciation of property, plant and equipment	10	**15,633**	15,381
Gain on disposal of financial assets at fair value through profit or loss		**(109)**	–
Amortisation of intangible assets – customer relationships	11	**305**	305
Gain on disposal of property, plant and equipment	5	**(45)**	(40)
Gain on disposal of investment in subsidiaries	5	**(2,549)**	(314)
Impairment loss on goodwill	11	**402**	–
Allowance for expected credit loss	7	**789**	290
Bad debts charged	7	**179**	8
Fair value (gain)/loss on financial assets	14	**(90)**	78
Property, plant and equipment written off	7	**5**	–
Interest income	5	**(30)**	(143)
Interest expense	6	**2,808**	3,377
Share of results of associates		**90**	29
Effect of exchange rate changes		**216**	(2)
Operating cash flows before changes in working capital		**34,762**	27,393
Changes in working capital:			
(Increase)/decrease in inventories		**(347)**	55
Increase in trade and other receivables		**(8,066)**	(4,982)
Increase in prepaid operating expenses		**(330)**	(343)
Increase in trade and other payables		**3,489**	2,744
Increase in other liabilities		**259**	1,407
Cash flows from operations		**29,767**	26,274
Interest received		**30**	143
Net income tax paid		**(4,629)**	(2,994)
Net cash flows from operating activities		**25,168**	23,423

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 2021

	Note	2021 $'000	2020 $'000
Cash flows from investing activities:			
Capital contribution into investment in associate		**(930)**	(1,012)
Net cash inflow/(outflow) from disposal of subsidiaries	12(b)	**5,649**	(185)
Proceeds from disposal of financial assets at fair value through profit or loss		**251**	–
Purchase of financial assets at fair value through profit or loss		**–**	(106)
Proceeds from disposal of property, plant and equipment		**173**	265
Purchase of property, plant and equipment (Note A)		**(5,511)**	(1,909)
Net cash flows used in investing activities		**(368)**	(2,947)
Cash flows from financing activities:			
Acquisition of non-controlling interests		**(2,700)**	–
Dividends paid to non-controlling interests		**(225)**	(210)
Interest paid	6	**(2,808)**	(3,377)
Issuance of ordinary shares, net	18	**–**	6,980
Loan from non-controlling interest		**–**	633
Purchase of treasury shares	19	**(469)**	(390)
Repayment of principal portion of lease liabilities		**(8,293)**	(8,405)
Proceeds from loans and borrowings		**6,627**	4,300
Repayment of loans and borrowings		**(8,891)**	(8,707)
Decrease/(placement) in short-term deposit – pledged		**982**	(41)
Net cash flows used in financing activities		**(15,777)**	(9,217)
Net increase in cash and cash equivalents		**9,023**	11,259
Cash and cash equivalents at 1 June		**20,708**	9,310
Effect of exchange rate changes on cash and cash equivalents		**(252)**	139
Cash and cash equivalents at 31 May	17	**29,479**	20,708

Note A:

During the financial year, the Company acquired property, plant and equipment with an aggregate cost of $22,796,000 (2020: $4,925,000) of which $14,696,000 (2020: $1,009,000) relates to the new leases of right-of-use assets which were not acquired by means of hire purchase and $2,589,000 (2020: $2,006,582) were acquired by means of hire purchase arrangements. Cash payments of $5,511,000 (2020: $1,909,000) were made to purchase property, plant and equipment.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

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.

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 2020. 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 THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

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 *Reference to the Conceptual Framework*	1 January 2022
Amendments to SFRS(I) 1-16 *Property, Plant and Equipment: Proceeds before Intended Use*	1 January 2022
Amendments to SFRS(I) 1-37 *Onerous Contracts – Costs of Fulfilling a Contract*	1 January 2022
Amendments to SFRS(I) 1-1 *Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) *Practice Statement 2: Disclosure of Accounting Policies*	1 January 2023
Amendments to SFRS(I) 1-8 *Accounting Estimates*	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	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.

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 THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

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 THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

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

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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 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).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

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

2.10 ***Impairment of non-financial assets (cont'd)***

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

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

2.12 ***Joint ventures and associates (cont'd)***

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.

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

<u>Investment in debt instruments</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

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

2.13 ***Financial instruments (cont'd)***

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

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

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

2.13 ***Financial instruments (cont'd)***

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

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

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.

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.

<u>Singapore</u>

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.

<u>People's Republic of China ("**PRC**")</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

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

2.21 ***Employee benefits (cont'd)***

(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.

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

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).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

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

2.22 ***Leases (cont'd)***

(a) *As lessee (cont'd)*

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

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

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

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

2.24 ***Taxes (cont'd)***

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

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

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 the less than satisfactory performance during the financial year of GKE Services Pte. Ltd. due to the challenging operating environment, the Group has recognised an impairment charge during the financial year of $402,000, which resulted in the carrying amount of goodwill being reduced to $3,341,000 (2020: $3,743,000).

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

4. Revenue

	Group	
	2021	2020
	$'000	$'000
Major product or service lines		
Sale of goods	**53,043**	38,156
Services rendered	**34,283**	46,656
Rental income	**31,660**	22,450
	118,986	107,262
Timing of transfer of goods or services		
At a point in time	**53,043**	38,156
Over time	**65,943**	69,106
	118,986	107,262

5. Other income

	Group	
	2021	2020
	$'000	$'000
Compensation income	**–**	360
Gain on disposal of financial assets at fair value through profit or loss	**109**	–
Gain on disposal of investment in subsidiaries	**2,549**	314
Gain on disposal of property, plant and equipment	**45**	40
Grant income from government	**4,142**	1,589
Interest income	**30**	143
Service charges	**–**	174
Others	**418**	458
	7,293	3,078

6. Finance costs

	Group	
	2021	2020
	$'000	$'000
Interest expense on:		
- Bank loans	**2,059**	2,346
- Interest on lease liabilities	**745**	939
- Loan from non-controlling interests	**–**	53
- Others	**4**	39
Total finance costs	**2,808**	3,377

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

7. Profit before tax

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

	Group	
	2021	**2020**
	$'000	**$'000**
Audit fees paid to:		
- Auditors of the Company	**175**	176
- Affiliates of auditors of the Company	**26**	37
Non-audit fees paid to:		
- Auditors of the Company	**55**	33
Amortisation of intangible assets – customer relationships	**305**	305
Net foreign exchange gain	**(233)**	(75)
Allowance for expected credit loss	**789**	290
Bad debts charged	**179**	8
Depreciation of property, plant and equipment	**15,633**	15,381
Gain on disposal of financial assets at fair value through profit or loss	**(109)**	–
Employee benefits expense (including Directors)		
- Salaries and related cost	**27,708**	28,714
- Contribution to defined contribution plans	**2,600**	2,499
Fair value (gain)/loss on financial assets	**(90)**	78
Impairment loss on goodwill	**402**	–
Legal and professional fee	**205**	275
Property, plant and equipment written off	**5**	–

Employee benefits expense includes the remuneration of Directors and key management personnel as set out in Note 32(b).

8. Income tax expense

(a) ***Major components of income tax expense***

The major components of income tax expense for the years ended 31 May 2021 and 2020 are:

	Group	
	2021	**2020**
	$'000	**$'000**
Consolidated income statement:		
Current income tax:		
- Current income taxation	**4,493**	3,395
- (Over)/under provision in respect of previous years	**(96)**	76
	4,397	3,471

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

8. Income tax expense (cont'd)

(a) *Major components of income tax expense (cont'd)*

The major components of income tax expense for the years ended 31 May 2021 and 2020 are:

	Group	
	2021	**2020**
	$'000	**$'000**
Deferred income tax:		
- Origination and reversal of temporary differences	**868**	118
- Under provision in respect of previous years	**19**	11
	887	129
Income tax expense recognised in profit or loss	**5,284**	3,600

(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 2021 and 2020 is as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Profit before tax	**17,158**	8,424
Tax at the domestic rates applicable to profits in the countries where the Group operates	**3,207**	1,124
Adjustments:		
Non-deductible expenses	**3,424**	3,069
Income not subject to taxation	**(1,441)**	(497)
Effect of tax incentives	**(46)**	(70)
(Over)/under provision in respect of previous years income tax	**(96)**	76
Under provision in respect of previous years deferred income tax	**19**	11
Deferred tax assets not recognised	**19**	–
Benefits of previously unrecognised tax losses	**(65)**	(123)
Others	**263**	10
Income tax expense recognised in profit or loss	**5,284**	3,600

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

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	
	2021	**2020**
	$'000	**$'000**
Profit attributable to owners of the Company used in the computation of basic and diluted earnings per share	**11,530**	4,696
	No. of shares	**No. of shares**
	'000	**'000**
Weighted average number of ordinary shares for basic and diluted earnings per share computation	**776,340**	773,928

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

10. Property, plant and equipment

Group 2021	At cost						
	Leasehold 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	Total $'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**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

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

Group 2020	Leasehold buildings and improvements	Cement plant and related equipment	Furniture, fittings and office equipment	Motor vehicles, trailers and forklifts	Warehouse equipment	Right-of-use assets	Total
	At cost						
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost:							
At 1 June 2019	118,389	6,496	2,563	12,221	6,770	32,821	179,260
Additions	128	120	275	159	307	3,936	4,925
Disposal of subsidiary	(27)	–	(9)	–	(629)	–	(665)
Disposals	–	–	–	(1,929)	(46)	–	(1,975)
Write-off	–	–	(29)	–	(21)	–	(50)
Exchange differences	(126)	(59)	–	(25)	–	(46)	(256)
At 31 May 2020	118,364	6,557	2,800	10,426	6,381	36,711	181,239
Accumulated depreciation:							
At 1 June 2019	21,557	712	2,013	9,330	2,483	2,015	38,110
Depreciation charge for the year	5,371	247	290	1,104	640	7,729	15,381
Disposal of subsidiary	(7)	–	(6)	–	(198)	–	(211)
Disposals	–	–	–	(1,711)	(39)	–	(1,750)
Write-off	–	–	(29)	–	(21)	–	(50)
Exchange differences	(13)	(5)	–	(16)	–	(7)	(41)
At 31 May 2020	26,908	954	2,268	8,707	2,865	9,737	51,439
Net carrying amount:							
At 31 May 2020	91,456	5,603	532	1,719	3,516	26,974	129,800

During the year, the total gain on disposal of property, plant and equipment amounted to $45,000 (2020: $40,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

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

	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**

	Furniture, fittings and office equipment $'000	Right-of-use assets $'000	Total $'000
Company			
2020			
Cost:			
At 1 June 2019	170	527	697
Additions	13	315	328
Disposals	–	(318)	(318)
At 31 May 2020	183	524	707
Accumulated depreciation:			
At 1 June 2019	124	485	609
Depreciation charge for the year	22	73	95
Disposals	–	(318)	(318)
At 31 May 2020	146	240	386
Net carrying amount:			
At 31 May 2020	37	284	321

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

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

Leasehold properties and improvements

As at 31 May 2021, 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	A 5-storey ramp-up warehouse building with ancillary office
7 Kwong Min Road Singapore 628710	Leasehold 30 year with effect from 1 July 1998	A 3-storey detached factory

Land use rights

As at 31 May 2021, 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 44 years (2020: 45 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 49 years (2020: 50 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 $8,070,000 (2020: $5,712,000).

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 $75,238,000 (2020: $91,456,000) are mortgaged to secure the Group's bank loans (Note 22).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

11. Intangible assets

	Group			
	Goodwill $'000	Customer relationships $'000	Mining rights $'000	Total $'000
Cost:				
At 1 June 2019	5,655	4,019	–	9,674
Addition	–	–	1,032	1,032
At 31 May 2020 and 1 June 2020	5,655	4,019	1,032	10,706
Exchange Differences	–	–	18	18
At 31 May 2021	**5,655**	**4,019**	**1,050**	**10,724**
Accumulated amortisation and impairment:				
At 1 June 2019	1,912	2,926	–	4,838
Amortisation	–	305	–	305
At 31 May 2020 and 1 June 2020	1,912	3,231	–	5,143
Amortisation	–	305	–	305
Impairment loss	402	–	–	402
At 31 May 2021	**2,314**	**3,536**	**–**	**5,850**
Net carrying amount				
At 31 May 2020	3,743	788	1,032	5,563
At 31 May 2021	**3,341**	**483**	**1,050**	**4,874**

Customer relationships

Customer relationships relates to the ability to make regular contact with recurring customers. 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 9 years.

Amortisation expense

The amortisation of customer relationships is included in "Administrative expenses" line item in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

11. Intangible assets (cont'd)

Impairment testing of goodwill

Goodwill arising from business combinations has been allocated to two cash-generating units ("**CGU**") for impairment testing as follows:

- Marquis Services Pte Ltd ("**Marquis**") on 15 December 2015; and

- GKE Services Pte. Ltd. ("**GKES**") 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**
31 May 2021			
Goodwill	**1,315**	**2,026**	**3,341**
31 May 2020			
Goodwill	1,315	2,428	3,743

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 2021		**31 May 2020**	
	Marquis	**GKES**	**Marquis**	**GKES**
Forecasted revenue growth rates	**(1%) - 2%**	**(1.0%) – 7.0%**	0% - 1.5%	(22.0%) – 26.0%
Long term growth rates	**1.6%**	**1.8%**	1.6%	1.8%
Post-tax discount rates	**8.3%**	**8.5%**	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 7% in FY2022 as revenue recover from the low base revenue in FY2021 arising from COVID-19 pandemic and assumed gradual recovery from FY2022. Thereafter, the revenue is forecasted to grow between a negative 1% to 7% over the budget period for anticipated efficiency improvements. For Marquis, a negative revenue growth of 1% per annum for FY2022 in consideration that freight fare will gradually normalize due to high freight fare in FY2021. Thereafter, the revenue is forecasted to grow 2% over the budget period for anticipated efficiency improvements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

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 $402,000 has been made on GKES CGU for the financial year ended 31 May 2021.

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**	**Impact to impairment loss Increase/ (decrease)**
	%	**Basis points**	**$'000**
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**
2020			
Assumptions			
Forecasted revenue growth rates	(22.0%) – 26.0%	-/+32	150/(150)
Long-term growth rates	1.8%	-/+9	1/(1)
Post-tax discount rates	8.5%	-/+10	(9)/9

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

12. Investments in subsidiaries

	Company	
	2021	**2020**
	$'000	**$'000**
Shares, at cost		
At beginning of the year	**63,378**	63,378
Acquisition of a subsidiary	**5**	–
Capital contribution to a subsidiary	**499**	–
Additional investment in a subsidiary	**2,700**	–
Disposal of subsidiaries	**(6,744)**	–
Less: Impairment losses	**(16,046)**	(15,419)
At end of the year	**43,792**	47,959

Movement in allowance for impairment during the financial year is as follows:

	Company	
	2021	**2020**
	$'000	**$'000**
At beginning of the year	**15,419**	15,419
Allowance for the year	**627**	–
At end of the year	**16,046**	15,419

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 2021 %	31 May 2020 %
Held by the Company			
GKE Private Limited [i] (Singapore)	Provision of warehousing services and trading business	**100**	100
GKE Warehousing & Logistics Pte Ltd [i] (Singapore)	Provision of warehousing, packing and transportation services	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

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 2021 %	Effective percentage of equity held by Group 31 May 2020 %
Held by the Company (cont'd)			
GKE Express Logistics Pte. Ltd. [i] (Singapore)	Provision of freight forwarding, transportation, warehousing and logistics services	**100**	100
GKE Freight Pte. Ltd. [i] (Singapore)	Provision of freight forwarding and transportation services	**100**	100
Van Der Horst Logistics Limited [ii] (British Virgin Islands)	Investment holding	**–[1]**	65
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 [i] (Singapore)	Provision of freight forwarding, transportation, warehousing and logistics services	**100[3]**	70
GKE Services Pte. Ltd. [i] (Singapore)	Provision of port operations and logistics services, stevedoring and freight forwarding services	**100**	100
GKE Agritech Pte. Ltd. [i] (Singapore)	Provision of indoor farming solution and growing of crops	**100**	–
Held through Van der Horst Logistics Limited			
Van Der Horst (Shanghai) Logistics Co., Ltd.[iv] (People's Republic of China)	Provision of storage and warehousing	**–[1]**	65
Held through GKE Freight Pte. Ltd.			
PT GKE Investment [ii] (Indonesia)	Investment holding	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

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 2021	31 May 2020
		%	%
Held through PT GKE Investment			
PT GKE Indonesia [ii] (Indonesia)	Provision of freight forwarding and transportation services	**100**	100
Held through GKE Holdings (HK) Co., Limited			
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
Held through Wuzhou Xing Jian Readymix Co., Ltd			
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**[2]	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.

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 31 May 2021, the Company has disposed of its entire 65% stake in Van Der Horst Logistics Limited and its subsidiary with the receipt of 50% of the sale consideration. Thereafter, Van Der Horst Logistics Limited and its subsidiary, ceased to be subsidiaries of the Group.

[2] As at 31 May 2021, Wuzhou Xing Jian Readymix Co., Ltd has subscribed to a total issued share capital of RMB 15,710,000 representing 100% equity interest in Cenxi Xing Jian Readymix Co., Ltd.

[3] 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

12. **Investments in subsidiaries (cont'd)**

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

The Group has the following subsidiaries that have NCI that are material to the Group:

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**
31 May 2020:					
Van Der Horst Logistics Limited and its subsidiary	People's Republic of China	35%	(311)	3,220	–
Marquis Services Pte Ltd	Singapore	30%	439	1,598	210

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 balance sheet

	Van Der Horst Logistics Limited and its subsidiary		Marquis Services Pte Ltd	
	31 May 2021 $'000	**31 May 2020 $'000**	**31 May 2021 $'000**	**31 May 2020 $'000**
<u>Current</u>				
Assets	**–**	950	**–**	4,456
Liabilities	**–**	(3,615)	**–**	(1,940)
Net current (liabilities)/assets	**–**	(2,665)	**–**	2,516
<u>Non-current</u>				
Assets	**–**	14,384	**–**	5,759
Liabilities	**–**	(2,520)	**–**	(2,949)
Net non-current assets	**–**	11,864	**–**	2,810
Net assets	**–**	9,199	**–**	5,326

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

12. Investments in subsidiaries (cont'd)

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

Summarised statement of comprehensive income

	Van Der Horst Logistics Limited and its subsidiary		Marquis Services Pte Ltd	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Revenue	**22**	28	**9,017**	8,440
(Loss)/profit before tax	**(420)**	(889)	**1,995**	1,818
Tax expense	**–**	–	**(358)**	(356)
(Loss)/profit for the year	**(420)**	(889)	**1,637**	1,462
Other comprehensive income	**–**	(92)	**–**	–
Total comprehensive income for the year	**(420)**	(981)	**1,637**	1,462

Other summarised information

	Van Der Horst Logistics Limited and its subsidiary		Marquis Services Pte Ltd	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Net cash flows from operations	**–**	621	**–**	2,240
Acquisition of significant property, plant and equipment	**–**	–	**–**	(89)

Significant restrictions

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

12. Investments in subsidiaries (cont'd)

b. *Disposal of subsidiaries*

The Group disposed off its entire 65% stake in Van Der Horst Logistics Limited and its subsidiary, and G-Chem Logistics Pte Ltd, a wholly-owned subsidiary, on 31 May 2021 and 18 June 2019 respectively. 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	2020 $'000
Property, plant and equipment	**14,739**	455
Trade and other receivables	**3**	588
Prepaid operating expenses	**5**	1
Cash and cash equivalents	**105**	185
Trade and other payables	**(5,680)**	(1,249)
Finance lease liabilities	**–**	(294)
Net assets/(liabilities) derecognised	**9,172**	(314)
Less: Non-controlling interests	**(3,210)**	–
Net assets/(liabilities) disposed of	**5,962**	(314)
Receivables written off	**3,227**	–
Reclassification of foreign currency translation reserve	**(477)**	–
Provision of withholding tax	**565**	–
Sales proceeds from disposal	**(11,826)**	–
Gain on disposal	**(2,549)**	(314)
Total consideration	**11,826**	–*
Sales proceeds receivable	**(6,072)**	–
Cash and cash equivalent of the subsidiaries	**(105)**	(185)
Net cash inflow/(outflow) on disposal of the subsidiaries	**5,649**	(185)

* Total consideration is $1.

c. *Acquisition of a subsidiary*

On 22 January 2021, the Group has acquired 100% shareholding of a new company, GKE Agritech Pte. Ltd. ("**GKEA**"), 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

13. Investments in associates

	Group		Company	
	31 May 2021	**31 May 2020**	**31 May 2021**	**31 May 2020**
	$'000	**$'000**	**$'000**	**$'000**
Unquoted equity shares, at cost	**1,957**	1,026	**–**	–
Share of post-acquisition loss	**(120)**	(29)	**–**	–
Exchange differences	**47**	–	**–**	–
	1,884	997	**–**	–

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

Name of associates (Country of incorporation and principal place of business)	**Principal activities**	**Proportion of ownership interest held by Group**	
		31 May 2021	**31 May 2020**
		%	**%**
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**[1]	24

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

ii. Audited by Wuzhou Zhengyi United CPA.

1 During the last 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 2021, Wuzhou Xing Jian Readymix Co., Ltd has subscribed to a total issued share capital of RMB 9,600,000 (2020: RMB 5,120,000), representing 24% equity interest in Cenxi Haoyi.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

14. Financial instruments at fair value through profit or loss

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Quoted equity shares, at fair value				
At beginning of the year	**207**	285	**207**	285
Disposal of quoted equity share	**(142)**	–	**(142)**	–
Fair value adjustment	**90**	(78)	**90**	(78)
At end of the year	**155**	207	**155**	207
Unquoted equity shares, at fair value				
At beginning of the year	**106**	–	**–**	–
Addition	**–**	106	**–**	–
Exchange difference	**6**	–	**–**	–
At end of the year	**112**	106	**–**	–
	267	313	**155**	207

Quoted equity shares relate to equity interest in Silver City Minerals Limited (2020: Silver City Minerals Limited and Thomson Resources 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 THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

15. Trade and other receivables

	Group		Company	
	31 May 2021	31 May 2020	31 May 2021	31 May 2020
	$'000	$'000	$'000	$'000
Trade and other receivables (current):				
Trade receivables	**40,973**	30,953	**–**	–
SGD loans to subsidiaries	**–**	–	**696**	4,334
Amounts due from subsidiaries	**–**	–	**4,563**	5,527
Staff advances	**15**	5	**–**	–
Refundable deposits	**825**	724	**–**	–
Capitalised contract cost	**91**	315	**–**	–
Deferred receivables	**6,072**	–	**6,072**	–
Other receivables	**438**	3,250	**287**	1,973
	48,414	35,247	**11,618**	11,834
Other receivables (non-current):				
SGD loan to subsidiaries	**–**	–	**9,737**	7,763
Total trade and other receivables (current and non-current)	**48,414**	35,247	**21,355**	19,597
Less: Capitalised contract cost	**(91)**	(315)	**–**	–
Add: Cash and short-term deposit (Note 17)	**30,889**	23,100	**13,489**	6,459
Total financial assets carried at amortised cost	**79,212**	58,032	**34,844**	26,056

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 2021	31 May 2020	31 May 2021	31 May 2020
	$'000	$'000	$'000	$'000
United States Dollar	**173**	105	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

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 $3,956,000 (2020: $4,802,000), bears interest at 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 $ Nil (2020: $586,000), bears interest at 6% per annum and repayable on demand.

(c) Unsecured loan of $ Nil (2020: $1,670,000), bears interest at 6% per annum and repayable on demand.

(d) Unsecured loan of $250,000 (2020: $500,000), bears interest at 1% per annum and repayable on demand.

(e) Unsecured loan of $ Nil (2020: $335,000), bears interest at 3% per annum and repayable on demand.

(f) Unsecured loan of $ Nil (2020: $300,000), bears interest at 3.8% per annum and repayable on demand.

(g) Unsecured 5-year term loan of $6,227,000 (2020: $3,904,000), bears interest at 7.125% per annum.

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

15. Trade and other receivables (cont'd)

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	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Movements in allowance account:				
At beginning of the year	**471**	181	**4,321**	4,197
Charge for the year, recorded in administrative expenses	**1,098**	290	**–**	424
Written back	**(309)**	–	**(124)**	(300)
Exchange differences	**35**	–	**–**	–
At end of the year	**1,295**	471	**4,197**	4,321

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.

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	
	2021	**2020**
	$'000	**$'000**
At beginning of the year	**315**	178
Additions	**91**	315
Amortisation	**(315)**	(178)
At end of the year	**91**	315

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

16. Inventories

	Group	
	31 May 2021 $'000	31 May 2020 $'000
Balance sheet:		
Raw material (at cost)	**687**	340
Income statement:		
Inventories recognised as an expense in cost of sales	**43,785**	24,153

17. Cash and short-term deposit

	Group		Company	
	31 May 2021 $'000	31 May 2020 $'000	31 May 2021 $'000	31 May 2020 $'000
Cash at banks and on hand	**25,305**	15,860	**9,319**	1,611
Short-term deposit	**5,584**	7,240	**4,170**	4,848
Cash and short-term deposit	**30,889**	23,100	**13,489**	6,459

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

The Group's short-term deposit amounting to $5,584,000 (2020: $7,240,000) is placed for varying periods between 7 days and 12 months, of which $1,410,000 (2020: $2,392,000) is pledged for a banking facility. The range of effective interest rate of short-term deposit is 0.01% - 0.25% (2020: 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 2021 $'000	31 May 2020 $'000	31 May 2021 $'000	31 May 2020 $'000
United States Dollar	**8,886**	6,021	**7,326**	3,543

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

17. Cash and short-term deposit (cont'd)

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 2021	**31 May 2020**
	$'000	**$'000**
Cash and short-term deposit	**30,889**	23,100
Short-term deposit which is not cash and cash equivalents	**(1,410)**	(2,392)
Cash and cash equivalents	**29,479**	20,708

18. Share capital

	Group and Company			
	2021		**2020**	
	No. of shares '000	**$'000**	**No. of shares '000**	**$'000**
Issued and fully paid ordinary shares:				
At beginning of the year	**794,700**	**85,145**	694,700	78,165
Issue of new shares	**–**	**–**	100,000	6,980
At 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			
	2021		**2020**	
	No. of shares '000	**$'000**	**No. of shares '000**	**$'000**
At beginning of the year	**(13,227)**	**(1,062)**	(6,168)	(672)
Share buy back	**(6,349)**	**(469)**	(7,059)	(390)
At end of the year	**(19,576)**	**(1,531)**	(13,227)	(1,062)

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

The Company acquired 6,348,500 (2020: 7,059,300) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $469,000 (2020: $390,000) and this was presented as a component within shareholders' equity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

20. Other reserves

Other reserves comprise the following:

	Note	Group 31 May 2021 $'000	Group 31 May 2020 $'000	Company 31 May 2021 $'000	Company 31 May 2020 $'000
Foreign currency translation reserve	(i)	**806**	319	**–**	–
Cash flow hedge reserve	(ii)	**(1,133)**	(2,036)	**–**	–
Capital reserve	(iii)	**(933)**	(97)	**(97)**	(97)
Statutory reserve	(iv)	**1,519**	742	**–**	–
		259	(1,072)	**(97)**	(97)

Movements in other reserves are as follows:

(i) *Foreign currency 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 2021 $'000	Group 2020 $'000
Interest rate risk:		
At beginning of the year	**(2,036)**	–
Effective portion of changes in fair value of cash flow hedges		
- Interest rate swaps	**1,110**	(1,922)
Net change in fair value of cash flow hedges reclassified to profit or loss		
- Interest rate swaps	**(438)**	(114)
Tax effect		
- Interest rate swaps	**231**	–
At end of the year	**(1,133)**	(2,036)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

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	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Capital reserve:				
At beginning of the year	**(97)**	(97)	**(97)**	(97)
Changes in ownership interest in a subsidiary				
- Acquisition of additional shares in a subsidiary	**(836)**	–	**–**	–
At end of the year	**(933)**	(97)	**(97)**	(97)

(iv) *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 THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

21. Other liabilities

	Group		Company	
	31 May 2021	**31 May 2020**	**31 May 2021**	**31 May 2020**
	$'000	**$'000**	**$'000**	**$'000**
Current:				
Accrued operating expenses	**7,117**	4,812	**1,767**	802
Deposits received	**526**	608	**–**	–
Contract liabilities	**8**	4	**–**	–
Deferred income	**162**	3,191	**–**	157
	7,813	8,615	**1,767**	959
Non-current:				
Deferred income	**2,322**	2,518	**–**	–
	10,135	11,133	**1,767**	959
Less:				
GST payables	**(366)**	(230)	**(32)**	(30)
Contract liabilities	**(8)**	(4)	**–**	–
Deferred income	**(2,484)**	(5,709)	**–**	(157)
Other liabilities representing financial liabilities carried at amortised cost	**7,277**	5,190	**1,735**	772

Deferred income

Deferred income includes government grants for the Group and the Company are $ Nil (2020: $2,971,000 and $157,000) respectively, which relates to Jobs Support Scheme ("**JSS**") announced by the Singapore Government to assist company in retaining its local employees during this period of economic uncertainty.

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 2021	**31 May 2020**
	$'000	**$'000**
Revenue recognised that was included in the contract liability balance at the beginning of the year	**4**	53
Advances received from customers but performance obligations not yet satisfied at the end of the year	**8**	4

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

22. Borrowings

	Group		Company	
	31 May 2021	31 May 2020	31 May 2021	31 May 2020
	$'000	$'000	$'000	$'000
Current:				
Bank loan (secured)	**9,932**	9,689	**545**	–
Non-current:				
Bank loan (secured)	**52,907**	55,223	**2,455**	–
Total borrowings	**62,839**	64,912	**3,000**	–

The Group's bank borrowings comprise the following:

(i) 2.5-year RMB bank term loan

The 2.5-year term loan of RMB Nil (2020: RMB 2,964,000 ($586,085)) bears interest at 125% of the People's Republic of China's central bank lending rate per annum or at such other legally approved rates as the Bank may stipulate from time to time at its absolute discretion. The first principal instalment will be repayable 6 months from the first drawdown date over 6 equal instalments.

(ii) 5-year RMB bank term loan

The 5-year term loan of RMB Nil (2020: RMB 7,000,000 ($1,384,180)) bears interest at 125% of the People's Republic of China's central bank lending rate per annum or at such other rates as the Bank may stipulate from time to time at its absolute discretion. The term loan is secured by legal mortgage of the land use rights and warehouse of the subsidiary. The principal amount is repayable over 10 equal instalments.

(iii) 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.

As at 31 May 2020, within the facilities, there is remaining Money Market Loan ("**MML**") of $300,000 which bears interest of 2.25% per annum over the Bank's 3-month Cost of Funds or 2.25% per annum over the 3-month SWAP Offer Rate, whichever is higher, or at such other rates as the Bank may stipulate from time to time at its absolute discretion.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

22. Borrowings (cont'd)

(iv) 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 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. 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.

(v) 2-year USD term loan

The 2-year USD term loan of USD Nil (2020: USD 1,143,000 ($1,613,000)) bears interest at 3.00% per annum over the prevailing 3-month London Inter Bank Offer Rate or 3.00% 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. The principal amount will be repayable over 8 equal instalments.

(vi) 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.

(vii) 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 3-month SWAP Offer Rate 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 3-months 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.

(viii) 1-year RMB bank term loan

(a) The 1-year term loan of RMB 9,000,000 ($1,868,310) bears interest at 1.02% (2020: 1.07%) 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 (2020: RMB 3,000,000 ($593,000)) bears interest at 0.30% over the People's Republic of China's central bank lending rate per annum. The loan shall be repaid over half year from its first drawdown date.

(c) The 1-year term loan of RMB 8,000,000 ($1,660,000) bears interest at 1.35% below the People's Republic of China's LPR. The loan shall be repaid over half year from its first drawdown date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

22. Borrowings (cont'd)

(ix) 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.

(x) 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.

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

	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**

	31 May 2019	Cash flows	Acquisition	Foreign Exchange Movement	Other	31 May 2020
	$'000	$'000	$'000	$'000	$'000	$'000
Bank loans						
- Current	9,295	(8,707)	–	29	9,072	9,689
- Non-current	59,995	4,300	–	–	(9,072)	55,223
Lease liabilities						
- Current	–	(9,344)	–	13	17,341	8,010
- Non-current	–	–	29,709	–	(16,402)	13,307
Finance leases						
- Current	1,194	–	–	–	(1,194)	–
- Non-current	2,453	–	–	–	(2,453)	–
Total	72,937	(13,751)	29,709	42	(2,708)	86,229

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

22. Borrowings (cont'd)

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 2021 and 31 May 2020, 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 (2020: between 1 and 3 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.

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

	Warehouses and dormitories	Forklifts and motor vehicles	Plant and machinery	Land use rights	Total
	$'000	$'000	$'000	$'000	$'000
Group					
As at 1 June 2019	21,454	4,872	–	4,480	30,806
Addition	612	2,555	–	769	3,936
Depreciation expenses	(6,427)	(1,199)	–	(103)	(7,729)
Exchange differences	–	–	–	(39)	(39)
As at 31 May 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	**24,201**	**7,282**	**1,002**	**2,186**	**34,671**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

23. Lease liabilities (cont'd)

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

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
At beginning of the year	**21,317**	26,987	**166**	24
Addition	**17,284**	2,722	**–**	180
Accretion of interest	**745**	939	**6**	4
Payment	**(9,038)**	(9,344)	**(42)**	(42)
Exchange difference	**24**	13	**–**	–
At end of the year	**30,332**	21,317	**130**	166
Presented as:				
Current	**5,728**	8,010	**130**	36
Non-current	**24,604**	13,307	**–**	130

The following are the amounts recognised in profit or loss:

	Group	
	2021	2020
	$'000	$'000
Depreciation expenses of right-of-use assets	**7,989**	7,729
Interest expense on lease liabilities	**745**	939
Total amount recognised in profit or loss	**8,734**	8,668

24. Deferred tax

Deferred tax as at 31 May relates to the following:

	Group		Company	
	31 May 2021	31 May 2020	31 May 2021	31 May 2020
	$'000	$'000	$'000	$'000
Deferred tax liabilities:				
Tax effect of temporary differences in excess of capital allowances	**1,166**	448	**14**	–
Fair value adjustments on acquisition of subsidiary	**52**	114	**–**	–
	1,218	562	**14**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

24. Deferred tax (cont'd)

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
At beginning of the year	**562**	433	**–**	–
Tax charged/(credited) to profit or loss				
- Current year (Note 8(a))	**868**	118	**14**	–
- Prior year (Note 8(a))	**19**	11	**–**	–
Impact of fair value loss from interest rate swap	**(231)**	–	**–**	–
At end of the year	**1,218**	562	**14**	–

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately $438,000 (2020: $706,000) 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 (2020: $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 temporary differences amounted to $13,612,000 (2020: $7,395,000).

Tax consequences of proposed dividends

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements, as there were no dividends declared during the financial year.

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For the financial year ended 31 May 2021

25. Trade and other payables

	Group		Company	
	31 May 2021 $'000	31 May 2020 $'000	31 May 2021 $'000	31 May 2020 $'000
Trade and other payables (current):				
Trade payables	**12,863**	3,224	**–**	–
Other payables	**3,846**	9,409	**32**	55
Amounts due to subsidiaries	**–**	–	**2,302**	3,421
Loan from subsidiary	**–**	–	**15,178**	16,679
Loans from non-controlling interests	**–**	1,222	**–**	–
Total trade and other payables	**16,709**	13,855	**17,512**	20,155
Add: Borrowings (Note 22)	**62,839**	64,912	**3,000**	–
Add: Lease liabilities (Note 23)	**30,332**	21,317	**130**	166
Add: Other liabilities (Note 21)	**7,277**	5,190	**1,735**	772
Total financial liabilities carried at amortised cost	**117,157**	105,274	**22,377**	21,093

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 2021 $'000	31 May 2020 $'000	31 May 2021 $'000	31 May 2020 $'000
United States Dollar	**61**	118	**–**	–

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 (2020: unsecured, fixed interest bearing at 3.8% per annum). The loan is repayable on demand.

For the financial year ended 31 May 2020, the loans from non-controlling interests are unsecured, fixed interest bearing at 6% per annum and are repayable within 12 months after the reporting date.

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For the financial year ended 31 May 2021

26. Derivative financial liabilities

	Group			
	31 May 2021 $'000		31 May 2020 $'000	
	Notional amount	Liabilities	Notional amount	Liabilities
Interest rate swaps	34,257	(1,364)	38,907	(2,036)
Total derivatives		(1,364)		(2,036)

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 interest rate swaps receive floating interest equal to 3-month Singapore Swap Offer Rate ("**SOR**") pays a fixed rate of interest of 1.92% and 2.00% (2020: 1.92% and 2.00%) per annum, and mature on 27 September 2024. 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.

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 2021 $'000	31 May 2020 $'000
Capital commitments in respect of property, plant and equipment	**308**	833

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For the financial year ended 31 May 2021

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 3 years (2020: 1 month and 3 years).

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

	Group	
	31 May 2021	31 May 2020
	$'000	$'000
Not later than one year	**5,071**	2,047
Later than one year but not later than five years	**3,206**	250
	8,277	2,297

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.

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For the financial year ended 31 May 2021

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 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				
Financial assets				
Financial assets at fair value through profit or loss				
- Quoted equity shares	155	–	–	155
- Unquoted equity shares	–	–	112	112
Financial liabilities				
Financial liabilities at fair value through other comprehensive income				
- Derivative financial liabilities	–	(1,364)	–	(1,364)

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

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

	Group 31 May 2020 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				
Financial assets				
Financial assets at fair value through profit or loss				
- Quoted equity shares	207	–	–	207
- Unquoted equity shares	–	–	106	106
Financial liabilities				
Financial liabilities at fair value through other comprehensive income				
- Derivative financial liabilities	–	(2,036)	–	(2,036)

(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 2021 $'000	Fair value at 31 May 2020 $'000	Valuation techniques	Key unobservable inputs	Range
Recurring fair value measurements					
Financial asset					
Unquoted equity shares	**112**	106	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 $6,000 decrease (increase) in fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

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

(c) ***Level 3 fair value measurements (cont'd)***

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

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 has determined the default event on a financial asset to be when the counterparty fails to make contractual payments that are past due 120 days, based on the Group's historical estimate.

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

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 120 days past due in making contractual payment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

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

(a) ***Credit risk (cont'd)***

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.

	Current	**Less than 30 days past due**	**31 to 60 days past due**	**61 to 90 days past due**	**More than 91 days past due**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
31 May 2021						
Gross carrying amount	**11,490**	**6,868**	**4,570**	**1,532**	**17,808**	**42,268**
Loss allowance provision	**–**	**–**	**–**	**–**	**(1,295)**	**(1,295)**
31 May 2020						
Gross carrying amount	13,338	5,111	2,402	598	9,851	31,300
Loss allowance provision	–	–	–	–	(347)	(347)

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.

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

(a) ***Credit risk (cont'd)***

Trade receivables (cont'd)

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

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Movements in allowance account:				
At beginning of the year	**–**	–	**4,197**	4,197
Charge for the year, recorded in administrative expenses	**–**	–	**–**	300
Written off	**–**	–	**–**	(300)
At 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 $84,736,000 (2020: $85,165,000) of which $65,038,000 (2020: $64,601,000) relates to corporate guarantees provided by the Company to the financial institutions on its subsidiaries' borrowings and other banking facilities, and $19,698,000 (2020: $20,564,000) 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

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

(b) ***Liquidity risk (cont'd)***

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			
2021			
Financial assets:			
Trade and other receivables	**48,323**	**–**	**48,323**
Cash and short-term deposit	**30,889**	**–**	**30,889**
Total undiscounted financial assets	**79,212**	**–**	**79,212**
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	**41,977**	**85,608**	**127,585**
Total net undiscounted financial assets/(liabilities)	**37,235**	**(85,608)**	**(48,373)**
2020			
Financial assets:			
Trade and other receivables	34,932	–	34,932
Cash and short-term deposit	23,100	–	23,100
Total undiscounted financial assets	58,032	–	58,032
Financial liabilities:			
Borrowings	7,956	63,412	71,368
Loans from non-controlling interests	1,323	–	1,323
Trade and other payables	12,633	–	12,633
Other liabilities	5,190	–	5,190
Lease liabilities	8,585	16,392	24,977
Total undiscounted financial liabilities	35,687	79,804	115,491
Total net undiscounted financial assets/(liabilities)	22,345	(79,804)	(57,459)

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For the financial year ended 31 May 2021

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	**25,475**	**10,726**	**36,201**
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	**19,972**	**2,538**	**22,510**
Total net undiscounted financial assets	**5,503**	**8,188**	**13,691**
Company			
2020			
Financial assets:			
Trade and other receivables	11,913	7,763	19,676
Cash and short-term deposit	6,459	–	6,459
Total undiscounted financial assets	18,372	7,763	26,135
Financial liabilities:			
Trade and other payables	20,155	–	20,155
Other liabilities	772	–	772
Lease liabilities	41	139	180
Total undiscounted financial liabilities	20,968	139	21,107
Total net undiscounted financial (liabilities)/assets	(2,596)	7,624	5,028

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For the financial year ended 31 May 2021

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

(b) ***Liquidity risk (cont'd)***

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 2021				
Financial guarantees	**10,947**	**29,008**	**25,083**	**65,038**
31 May 2020				
Financial guarantees	10,251	25,711	28,639	64,601

(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.

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 2021 $'000	**Increase/ (decrease) Profit before tax 2020 $'000**
Against SGD		
USD - Strengthened 3% (2020: 3%)	**267**	150
Weakened 3% (2020: 3%)	**(267)**	(150)
RMB - Strengthened 3% (2020: 3%)	**–**	89
Weakened 3% (2020: 3%)	**–**	(89)

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For the financial year ended 31 May 2021

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

(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**") (2020: SGX and the Australian Securities Exchange ("**ASX**")) and are classified as financial asset at fair value through profit or loss.

Sensitivity analysis for market price risk

At the end of the reporting period of 31 May 2021 and 31 May 2020, 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 $6,000 (2020: $9,000) 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. 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 2021 and 31 May 2020.

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 2021 and 31 May 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

30. 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, finance lease liabilities and loans from non-controlling interests.

	Group		Company	
	31 May 2021	**31 May 2020**	**31 May 2021**	**31 May 2020**
	$'000	**$'000**	**$'000**	**$'000**
Debt	**67,420**	69,872	**3,130**	166
Total equity	**88,375**	81,578	**56,552**	53,290
Total equity and debt	**155,795**	151,450	**59,682**	53,456
Gearing ratio	**43.3%**	46.1%	**5.2%**	0.31%

31. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable segments as follows:

(a) The investment holding segment is involved in Group level corporate services and investment activities.

(b) The third party logistics segment provides integrated and comprehensive logistics services which can be classified into non-ferrous metal storage; general warehousing; containers trucking; conventional transportation; projects logistics and international multimodal freight forwarding services.

(c) The infrastructural logistics segment is involved in the business of producing and manufacturing of environmentally friendly lightweight brick, building materials and cement products.

(d) The agriculture segment is involved in the business of developing indoor farming for 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.

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31. Segment information (cont'd)

	Investment holding $'000	Third party logistics $'000	Infrastructural logistics $'000	Agriculture $'000	Consolidation adjustments $'000	Total $'000
31 May 2021						
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
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

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For the financial year ended 31 May 2021

31. Segment information (cont'd)

(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.

	Investment holding $'000	Third party logistics $'000	Infrastructural logistics $'000	Consolidation adjustments $'000	Total $'000
31 May 2020					
Revenue					
- External customers	–	70,375	36,887	–	107,262
- Inter-segment [1]	–	216	–	(216)	–
Total revenue	–	70,591	36,887	(216)	107,262
Results:	(260)	18,843	8,805	(298)	27,090
Depreciation of property, plant and equipment	(96)	(14,185)	(1,100)	–	(15,381)
(Allowance)/written back for expected credit loss	(424)	(16)	(150)	300	(290)
Bad debts charged	–	(8)	–	–	(8)
Fair value loss on financial assets	(78)	–	–	–	(78)
Gain on disposal of subsidiary	–	–	–	314	314
Gain/(loss) on disposal of property, plant and equipment	53	(13)	–	–	40
Share of results of associates	–	–	(29)	–	(29)
Dividend income	490	–	–	(490)	–
Interest income	490	650	9	(1,006)	143
Finance costs	(608)	(3,469)	(306)	1,006	(3,377)
Segment (loss)/profit	(433)	1,802	7,229	(174)	8,424
Tax expense					(3,600)
Profit for the year					4,824

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For the financial year ended 31 May 2021

31. Segment information (cont'd)

	Investment holding $'000	Third party logistics $'000	Infrastructural logistics $'000	Consolidation adjustments $'000	Total $'000
31 May 2020 (cont'd)					
Assets:					
Investments in associates	–	14	983	–	997
Additions to non-current assets [2]	329	2,403	2,193	–	4,925
Segment assets [3]	76,872	167,846	34,442	(82,464)	196,696
Segment liabilities [3]	21,281	117,378	18,433	(43,839)	113,253
Unallocated liabilities:					
Tax payable					1,303
Deferred tax liabilities					562
Total liabilities					115,118

[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.

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[4]	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Singapore	**66,149**	70,375	**114,362**	110,812
People's Republic of China	**52,837**	36,887	**13,906**	24,551
	118,986	107,262	**128,268**	135,363

[4] 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 $13,983,000 (2020: $14,971,000) for the financial year ended 31 May 2021, arising from sales by the third party logistics segment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2021

32. 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	
	2021	**2020**
	$'000	**$'000**
Sale of goods to an associate	**68**	–
Purchase of goods from an associate	**(48)**	–

(b) ***Key management compensation***

	Group	
	2021	**2020**
	$'000	**$'000**
Directors of the Company		
- Salaries, fees and benefits-in-kind	**1,464**	1,124
- Contribution to defined contribution plans	**49**	50
Directors of subsidiaries		
- Salaries, fees and benefits-in-kind	**1,135**	1,243
- Contribution to defined contribution plans	**65**	81
Other key management personnel		
- Salaries, fees and benefits-in-kind	**812**	448
- Contribution to defined contribution plans	**67**	50

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.

33. Authorisation of financial statements for issue

The financial statements for the year ended 31 May 2021 were authorised for issue in accordance with a resolution of the Directors on 27 August 2021.

STATISTICS OF SHAREHOLDINGS

As at 18 August 2021

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 18 August 2021, 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	51	2.44	34,263	0.00
1,001 - 10,000	412	19.68	3,093,715	0.40
10,001 - 1,000,000	1,577	75.35	141,066,355	18.20
1,000,001 and above	44	2.10	630,929,315	81.40
TOTAL	2,093	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	146,729,585	18.93
2	Qian Wen Hua	56,760,000	7.32
3	United Overseas Bank Nominees Pte Ltd	53,941,900	6.96
4	DBS Nominees Pte Ltd	52,685,874	6.80
5	Chen Jiang Nan	33,055,700	4.26
6	Li Zi Yan	28,571,429	3.69
7	Neo Cheow Hui	27,445,300	3.54
8	Citibank Nominees Singapore Pte Ltd	26,411,327	3.41
9	Neo Hwee Lee	21,085,000	2.72
10	Wang Jianping	18,897,200	2.44
11	Chen Yong Hua	17,200,000	2.22
12	Neo Hwee Hoon (Liang Huifen)	15,186,000	1.96
13	Phillip Securities Pte Ltd	13,035,900	1.68
14	Maybank Kim Eng Securities Pte Ltd	12,387,700	1.60
15	Kerwin Ng Long Fa	10,563,800	1.36
16	OCBC Securities Private Limited	8,651,000	1.12
17	Chai Hwee Hoon Doreen	7,000,000	0.90
18	iFast Financial Pte Ltd	6,857,600	0.88
19	Tan Geok Choo (Chen Yuzhu)	6,587,300	0.85
20	Hong Leong Finance Nominees Pte Ltd	6,559,900	0.85
		569,612,515	73.49

* 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 18 August 2021

SUBSTANTIAL SHAREHOLDERS AS AT 18 AUGUST 2021

(As recorded in the Register of Substantial Shareholders)

	Number of Shares			
	Direct Interest	**%**	**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 are 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 18 August 2021, 61.13% 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 Wednesday, 29 September 2021 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 2021 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a First and Final tax exempt (one-tier) Dividend of 0.40 Singapore cents per ordinary share as recommended by the Directors for the financial year ended 31 May 2021. **(Resolution 2)**

3. To approve the payment of Directors' fees of S$162,000 for the financial year ended 31 May 2021. (2020: S$130,000) **(Resolution 3)**

4. To re-elect the following Directors of the Company retiring pursuant to Regulation 107 of the Constitution of the Company:

   Mr. Andrew Chua Thiam Chwee **(Resolution 4)**
   Mr. Ho Ying Ming **(Resolution 5)**
   Mr. Wong Quee Quee, Jeffrey **(Resolution 6)**

   [See Explanatory Note (i)]

5. 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 7)**

6. 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:

7. **Authority to allot and issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Chapter 50 ("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 8)**

8. 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 Catalist 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 Catalist Rules for any corporate action which occurs after the relevant five (5) day period;

"**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;

"**date 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 9)**

By Order of the Board

Shirley Tan Sey Liy
Company Secretary

Singapore, 10 September 2021

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Mr. Andrew Chua Thiam Chwee will, upon re-election as a Director of the Company, remain as the Independent Director of the Company, the Chairman of the Nominating Committee and a member of the Audit Committee and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules.

Mr. Ho Ying Ming will, upon re-election as a Director of the Company, remain as the Independent Director of the Company, the Chairman of the Remuneration Committee and a member of the Nominating Committee and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules.

Mr. Wong Quee Quee, Jeffrey will, upon re-election as a Director of the Company, remain as the Independent Director of the Company a member of the Audit Committee, Nominating Committee and Remuneration Committee and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules.

Please refer to page 42 to 54 of the Annual Report for the detailed information for Mr. Andrew Chua Thiam Chwee, Mr. Ho Ying Ming and Mr. Wong Quee Quee, Jeffrey required pursuant to Rule 720(5) of the Catalist Rules.

(ii) Resolution 8 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 9 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 10 September 2021 (in relation to the proposed renewal of the Share Purchase Mandate) attached to the Company's Annual Report 2021.

Notes relating to measures to minimise the risk of COVID-19:

General

1. 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 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 the following URL: https://conveneagm.sg/gke2021. This Notice 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.

NOTICE OF ANNUAL GENERAL MEETING

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 below;

   (b) submitting questions ahead of the AGM. Please refer to Notes 7 to 8 below for further details; and

   (c) voting by proxy at the AGM. Please refer to Notes 9 to 15 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 2021 ("**Registration Deadline**"), at the following URL: https://conveneagm.sg/gke2021 ("**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 2021 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. 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.

8. To do so, all questions must be submitted no later than the 26 September 2021, 10.00 a.m. through the GKE AGM Website.

9. 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.

10. Shareholders (including Relevant Intermediary*) who wish to vote on any or all of the resolutions at the AGM must submit a proxy form to appoint the Chairman of the Meeting as their proxy to do so on their behalf.

11. 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 2021, 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.

12. 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.

NOTICE OF ANNUAL GENERAL MEETING

13. 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.

14. 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.

15. 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 (Chapter 19) 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 (Chapter 289) 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 (Chapter 36) 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

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. 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/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting.**
2. Alternative arrangements relating to the attendance of the Meeting through electronic means, as well as conduct of the Meeting and relevant guidance with full details are set out in the accompanying Company's announcement dated 9 September 2021, which can be accessed via the SGX website at: https://www.sgx.com/securities/company-announcements.
3. 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.
4. 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:

	Proportion of Shareholdings	
Chairman of the Meeting	**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 Wednesday, 29 September 2021 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 2021			
2	To declare a First and Final tax exempt (one-tier) Dividend of 0.40 Singapore cents per ordinary share as recommended by the Directors for the financial year ended 31 May 2021.			
3	Approval of Directors' fees amounting to S$162,000 for the financial year ended 31 May 2021			
4	Re-election of Mr. Andrew Chua Thiam Chwee as a Director			
5	Re-election of Mr. Ho Ying Ming as a Director			
6	Re-election of Mr. Wong Quee Quee, Jeffrey as a Director			
7	Re-appointment of Ernst & Young LLP as Auditors and to authorise the Directors of the Company to fix their remuneration			
Special Business				
8	Authority to allot and issue shares			
9	Proposed renewal of Share Purchase 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 ______________ 2021

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, Chapter 289 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 2021, 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, Chapter 50 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 (Cap. 19) 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 (Cap. 289) of Singapore and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36) 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 10 September 2021.

GKE

CORPORATION LIMITED

(Company Registration No.: 200001941G)

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