Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: GKE Corporation Limited

Stock code: 595

Meeting details:
Date: 29 September 2021
Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. Would the board/management provide shareholders with greater clarity on the following operational matters? Specifically:

(i) **Ready-mix concrete ("RMC"): What were the utilisation rates of the group's RMC manufacturing facilities and of its mixer trucks in FY2021?** The group raised its installed production capacity from 800,000 m^3 per annum to 1.2 million m^3 per annum in late 2020. **Can management elaborate further on the growth drivers in Guangxi, China? How sustainable is the growth?**

(ii) **Warehousing and logistics:** In the letter to shareholders, it was disclosed that the group benefitted from "higher utilisation of warehouse space at better rental rates as well as an increase in trucking volume in our Singapore warehousing & logistics operations" (page 5 of the annual report). However, it is noted that segment revenue from the warehouse & logistics segment decreased from $70.4 million to $66.1 million.



Adapted from company annual report (emphasis added)

Can management reconcile the positive commentary of "higher utilisation and better rental rates" with the drop in segment revenue in FY2021?

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(iii) **GKE Agritech: How much capital has the board earmarked to support the group's diversification into controlled-environment agriculture in Singapore? Who is driving the group's agriculture activities? What is management's expertise and track record in agriculture? In the board approval process, what is the projected ROI for the new agriculture business?**

(iv) **Mining rights: Can the board/management update shareholders on the progress of the limestone mine in Cangwu County that was first announced by the company in May 2019? Would the company be seeking shareholders' approval if the risk profile of the group is significantly altered with the diversification into limestone mining?**

(v) **Trade receivables:** Trade receivables increased to $40.97 million as at 31 May 2021 from $30.95 million a year ago even though revenue increased by approximately 11%. The "impairment of trade receivables" is also a key audit matter (KAM) highlighted by the independent auditor in their report on the audit of the financial statements. As noted in the KAM, trade receivables represent 19.3% of the group's total assets on the consolidated financial statements and is significant to the group. **Can management help shareholders understand the reasons for the significant increase in trade receivables? What is the aging profile of the outstanding trade receivables?**

Q2. In the corporate governance report, the remuneration of immediate family members of directors, the CEO or a substantial shareholder of the company is disclosed on page 33 (reproduced below):

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.

(Source: company annual report)

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The company has identified its key management personnel (KMPs) on page 21. Of the five, three received remuneration of between $250,000 and $500,000, namely:

- Chai Hwee Hoon, Doreen
- Neo Hwee Lee, Marina
- Chua Wei Chye Lawrence

(i) **Would the remuneration committee help shareholders understand the reasons that Mr. Chen Jiang Nan, son of the executive chairman, also receives a remuneration package between $250,000 and $500,000 even though he has not been identified as one of the top 5 KMPs in the group?**

(ii) **What are the job scope and responsibilities of Mr. Chen Jiang Nan?**

(iii) **What are the key performance indicators (KPIs) used to assess the performance of the immediate family members of the directors, namely Mr. Chen Jiang Nan and Ms. Neo Hwee Lee, Marina?**

(iv) **Can the remuneration committee (RC) clarify if the executive directors were involved in the performance assessment of their family members? If not, how was the performance assessment carried out?**

Provision 8.2 of the Code of Corporate Governance 2018 requires the company to disclose the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S$100,000 during the year, **in bands no wider than $100,000**, in its annual report [emphasis added].

The company has deviated from Provision 8.2 of the CG Code 2018 without providing the underlying reasons for its deviation.

(v) **Would the RC consider improving the disclosure on the remuneration of immediate family members of the directors to meet with the requirements of Provision 8.2?**

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Q3. The attendance of directors at board, board committee and shareholder meetings is shown on page 24 and reproduced below:

	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

(Source: company annual report)

As seen from the table above, the executive directors attend the board committee meetings by invitation. It would appear the board committee meetings are attended by all directors, making them the same as board meetings.

(i) **Can the board help shareholders understand if it is the usual practice for non-board committee members (i.e. the executive directors) to attend board committee meetings?**

(ii) **What is the group dynamics at the board committee meetings when the independent directors on the board committee may be reviewing and discussing matters that are related to or affect the executive directors?** Such board committee meetings would have included agenda items on interested person transactions, performance assessment, remuneration of the executive directors and on the audit/financial reporting/internal controls of the group.

(iii) **Do the executive directors also actively participate in the discussions during the board committee meetings? If so, how are board committee meetings different from board meetings?**

(iv) **Are the independent directors able to conduct the board committee meetings without the executive directors in attendance?**

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In addition, it is noted that Mr Chen Yong Hua was absent from the annual general meeting and the extraordinary general meeting.

(v) **Would the company/director help shareholders understand if there were extenuating circumstances that led the chairman to miss the shareholders meetings?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)