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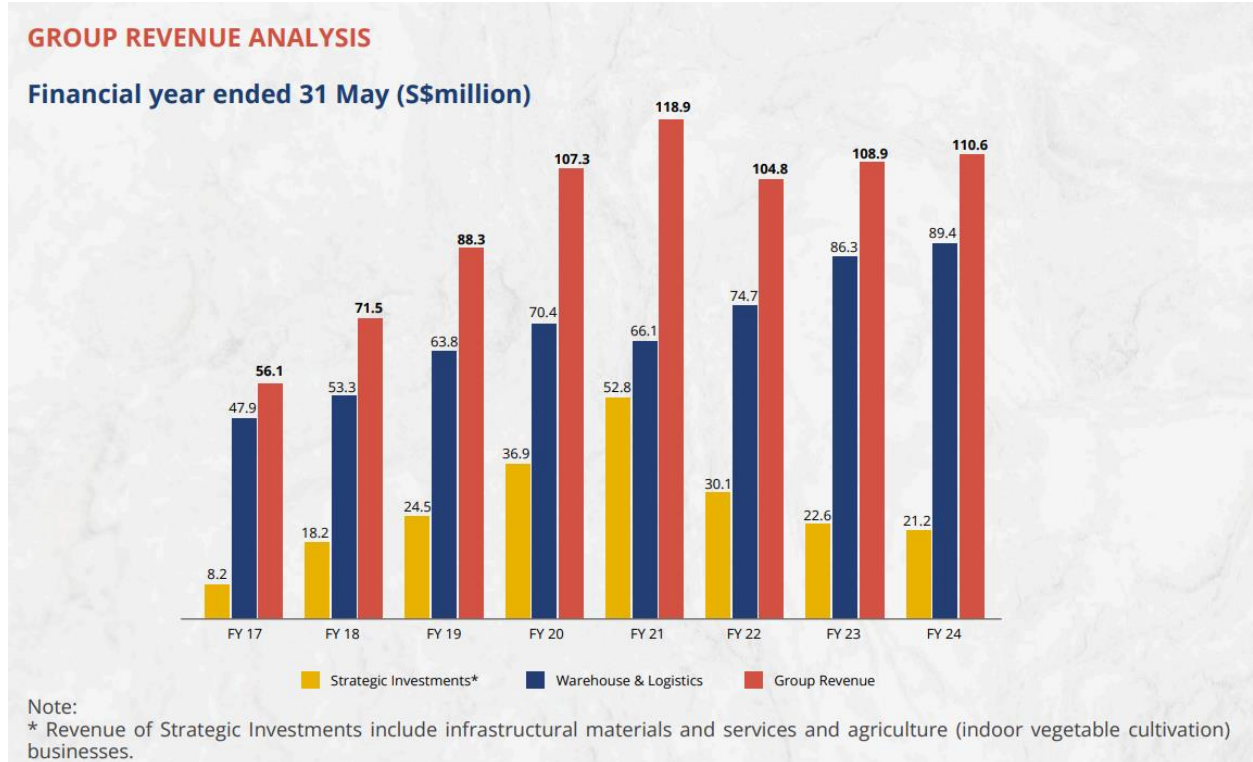
Meeting details:

Date: 27 Sep 2024

Time: 10.00 a.m.

Venue: 39 Benoi Road #06-01 Singapore 627725

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



(Source: company annual report)

- (i) **Warehouse and logistics (Singapore):** What were the average utilisation rates of the group's warehouses and logistics infrastructure? How much additional growth can the existing infrastructure accommodate? Are there plans to acquire additional capacity through the acquisition of new warehouses or facilities?
- (ii) **Infrastructural materials and services (China):** Revenue from the segment has fallen to ~\$22 million in the past two years, with segment loss increasing to \$(1.06) million. Can management share more insights on the business environment in Guangxi, particularly in Wuzhou and Cenxi? What strategies are in place to address the macroeconomic challenges, and are there any potential opportunities for recovery or growth?
- (iii) **Agriculture:** Management has indicated that the agriculture business is not expected to have a material impact on the group's earnings. While revenue has increased, the segment remains loss-making, with losses of \$(332,000) in FY2024. The group has invested over \$4 million in fixed assets in the business. **When does management expect the segment to break even? Are further capital investments anticipated in the short to medium term?**

Q2. The “allowance for expected credit losses for trade receivables” is a key audit matter (KAM) highlighted by the independent auditors in their report on the audit of the financial statements. Key audit matters are those matters that, in the professional judgement of the Independent Auditor, were of most significance in the audit of the financial statements of the current period.

The aging of the trade receivables can be found on page 118 of the annual report.

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

(a) Credit risk (cont’d)

Trade receivables

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

	Group			
	31 May 2024		31 May 2023	
	Gross amount \$’000	Less allowance provision \$’000	Gross amount \$’000	Less allowance provision \$’000
Group				
Not past due	9,626	-	9,688	-
Past due 0 to 90 days	9,526	-	9,478	-
Past due 91 to 180 days	3,086	-	3,814	(46)
Past due 181 to 365 days	5,533	(85)	4,201	(50)
Past due more than 365 days	13,569	(6,724)	10,949	(4,058)
	41,340	(6,809)	38,130	(4,154)

(Source: company annual report)

It is noted that trade receivables past due by more than 365 days jumped significantly since the financial year ended 31 May 2022, from \$2.12 million in FY2021 to \$9.17 million in FY2022 and it has further increased to \$13.6 million as at 31 May 2024.

- (i) **Can management elaborate on the key challenges they face in collecting long-outstanding trade receivables, particularly those overdue by more than 365 days? How has management adjusted its collection strategies to address these challenges, and what measurable improvements have been seen so far?**
- (ii) **What is the breakdown of the gross amount of trade receivables overdue by more than 365 days? Can management provide a detailed analysis by customer, business segment, geographic region, and length of overdue period?**

- (iii) **Is the group still trading with customers with long overdue trade receivables? If so, what steps are being taken to mitigate further risk exposure with these customers?**
- (iv) **What specific directives has the board provided to management concerning the resolution of long-overdue receivables? How frequently does the board review collection performance, and what accountability measures are in place to ensure progress?**
- (v) **Has management consistently adhered to the group's credit risk framework when extending credit to third parties? Can management provide examples of recent actions taken to strengthen credit risk controls, and what role has the board played in ensuring these controls are robust and effective?**

Q3. As noted in the corporate governance report, Mr Ho Ying Ming and Mr Andrew Chua Thiam Chwee who have served on the board for an aggregate period of nine years by 30 September 2024 will be stepping down as independent directors on or before 30 September 2024.

Mr Tan Boon Gin, CEO of SGX RegCo, had noted that the limit on tenure of IDs provides an opportunity for companies to inject new skills, experience and knowledge into their boards, all of which will be invaluable in guiding the business for the long term.

- (i) **Has the nominating committee (NC) reviewed the current competency matrix of the board and identified any gaps in skills or competencies that need to be addressed in future director appointments?**
- (ii) **What is the progress made in onboarding new independent directors?**
- (iii) **Has the NC evaluated the potential value of independent directors with deep expertise in supply chain management, infrastructure development, or operations in China?**

The board has stated that it has adopted a formal board diversity policy (BDP). Details of the BDP can be found on pages 26 and 27 of the annual report.

The diversity in the age, gender, nationality and race of the current Board as at 31 May 2024 is as follows:

Age Group		
40-50	51-60	61 and above
2	3	1

Gender	
Male	Female
6	0

Nationality	
Singaporean	Others
6	0

Race	
Chinese	Others
6*	0

Note: * includes Singapore Citizen

(Source: company annual report)

- (iv) **Can the board elaborate further on the progress made in board diversity and share any plans to enhance its diversity further? What is the timeframe set for achieving the diversity objectives?**
- (v) **Has the NC engaged professional search firms to ensure a broader range of candidates for new independent directors?**

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



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