



GKE CORPORATION LIMITED
(Company Registration No.: 200001941G)
Incorporated in the Republic of Singapore

NEWS RELEASE

GKE POSTS 73% REVENUE GROWTH TO S\$16 MILLION IN 3Q FY17

- **Higher revenue was mainly contributed by chemical warehouse operator, Marquis, ready-mix concrete manufacturing plant, Wuzhou Xing Jian, and maiden contribution from port operations and maritime logistics service provider, TNS**
- **Net loss attributable to shareholders of S\$0.9 million in 3Q FY17 was undermined by higher operating costs, amortisation of intangible assets, ramp up in production at Wuzhou Xing Jian, and share of losses from the liquefied gas carrier vessel due to significantly lower chartering rate**
- **Group expects contributions from new subsidiaries to strengthen its fundamentals amid economic slowdown and geopolitical uncertainties**

SINGAPORE, 12 April 2017 – GKE Corporation Limited (锦佳集团有限公司) (the “Company” and together with its subsidiaries, “GKE” or the “Group”), a leading integrated warehousing and logistics solutions provider, today reported record revenue growth of 73% to S\$16.0 million for the third quarter ended 28 February 2017 (“3Q FY17”). Higher revenue was attributable to stronger contributions from 70%-owned chemical warehouse operator, Marquis Services Pte Ltd (“Marquis”), wholly-owned ready-mix concrete manufacturing plant, Wuzhou Xing Jian Readymix Co., Ltd (“Wuzhou Xing Jian”), and newly acquired port operations and maritime logistics service provider, TNS Ocean Lines (S) Pte Ltd (“TNS”).

Commenting on the results, Mr. Neo Cheow Hui (梁鹏飞), CEO and Executive Director of GKE said, “While the acquisitions of Marquis and TNS as well as the Group’s strategic investments in the liquefied gas carrier vessel and ready-mix concrete manufacturing plant in Wuzhou, China, are in place to bring the Group to the next level of growth, the Group is still in the midst of fine tuning the integration and operations, particularly for Marquis, TNS and Wuzhou Xing Jian, to further enhance operational efficiencies. We will continue to strive to overcome adversities in the current operating environment to strengthen our earnings base especially, in our core warehousing & logistics division.”

The Group’s gross profit increased by 26.4% from S\$2.6 million in 3Q FY16 to S\$3.3 million in 3Q FY17 on the back of higher revenue. The composite gross margin, however, decreased from 27.8% in 3Q FY16 to 20.4% in 3Q FY17, mainly due to higher operating expenses from Marquis, Wuzhou Xing Jian, and TNS as well as higher warehouse rental expenses.

Other income surged from S\$14,000 in 3Q FY16 to S\$0.1 million in 3Q FY17, mainly due to interest income, grant income and gain on disposal of property, plant and equipment.

In tandem with the addition of the operations of TNS and ramp up of Marquis and Wuzhou Xing Jian, total operating expenses increased by 48.7% to S\$3.4 million in 3Q FY17 compared to S\$2.3 million in the last corresponding period. Higher operating expenses were mainly attributable to higher staff costs and marketing and distribution expenses, as well as the amortisation of intangible assets.

Finance costs decreased by 34.9% from S\$0.6 million in 3Q FY16 to S\$0.4 million in 3Q FY17 as a result of repayment on borrowings and lower interest rate on property loan following its refinancing, which partially offset the interest expense incurred on the hire purchase of equipment for Wuzhou Xing Jian and the loan for acquisition of the 7 Kwong Min Road warehouse property for Marquis.

On the back of improved occupancy for the storage of metals under GKE Metal Logistics Pte Ltd (“**GKE Metal**”), the share of results of associates reversed from a loss of S\$0.2 million in 3Q FY16 to a profit of S\$0.1 million in 3Q FY17. Due to the global economic slowdown, the chartering contract for the liquefied gas carrier vessel that came on stream from fourth quarter of FY2016, was renewed at a significantly lower charter rate from October 2016. This resulted in a loss of S\$0.5 million from its share of results of joint venture in 3Q FY17.

Taking into account the above, the Group recorded a net loss attributable to owners of the Company of S\$0.9 million in 3Q FY17, as compared to a net loss of S\$0.6 million in 3Q FY16.

Net asset value decreased marginally from S\$85.0 million as at 31 May 2016 to S\$84.3 million as at 28 February 2017. The decrease was mainly due to the payment of dividends and loss for the quarter, which was partially offset by the issuance of new shares and reissuance of treasury shares for the acquisition of TNS. Based on the enlarged share capital of 683,531,890 shares, the net asset value per share reduced from 13.43 Singapore cents at end May 2016 to 12.33 Singapore cents at end February 2017.

Business Outlook

The Group expects the macro business environment to continue to be challenging amid economic slowdown in both the domestic and global economies, as well as geopolitical uncertainties.

The redevelopment of the 39 Benoi Road warehouse cum office property is progressing on schedule and is expected to be completed by end August 2017.

The Group continues to be prudent in pursuing strategic opportunities to enhance its core businesses, while it continues to monitor its current portfolio to achieve stable and sustainable earnings growth in the long term.

This news release is to be read in conjunction with the Company's announcement posted on the SGX website on 12 April 2017.

*This press release has been prepared by GKE Corporation Limited (the "**Company**") and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this press release.*

This press release has not been examined or approved by the SGX-ST. The SGX-ST and the Sponsor assume no responsibility for the contents of this press release, including the correctness of any of the statements or opinions made or reports contained in this press release.

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ABOUT GKE CORPORATION LIMITED

(Stock Codes – SGX: 595 | Bloomberg: GKEC SP | Thomson Reuters: GKEC.SI)

GKE Corporation Limited (锦佳集团有限公司) (“**GKE**” and together with its subsidiaries, the “**Group**”) is a leading integrated warehousing and logistics solutions provider offering one-stop, door-to-door multimodal solutions for supply chain management. The business activities of GKE can be 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 on information technology to increase order visibility, maximise operational efficiency, minimise surplus inventory, and reduce overall supply chain costs for its customers.

GKE operates its third-party warehousing and logistics business under the “**GKE**” brand name. It provides total integrated and comprehensive warehousing & logistics solutions and services that include general warehousing, inventory management, conventional transportation, container trucking, project logistics, international multi-modal sea and air freight forwarding services as well as non-ferrous metal storage. It is also a listed London Metal Exchange (“LME”) warehouse operator. In late 2015, the Group expanded its capabilities into marine logistics and chemical warehousing with the acquisition of a 70% stake in Marquis Services Pte Ltd. Recently, the Group acquired 100% of TNS Ocean Lines (S) Pte Ltd, an established port operations and maritime logistics service provider, to extend its existing logistics services to enhance its logistics value chain as port operations is the first and last landing points for the import and export of goods.

The Group’s strategic investments include its marine and shipping logistics business through a 50% joint venture, Ocean Latitude Limited, which has constructed an 83,000m³ liquefied gas carrier vessel to ride on the demand for liquefied gas as a cleaner fuel for industrial and domestic uses. The liquefied gas carrier vessel is currently chartered and deployed in the Middle East and Far East regions.

Another strategic investment is the infrastructural materials and services business. This business is carried out through its wholly-owned subsidiary, Wuzhou Xing Jian Readymix Co., Ltd. (梧州星建混凝土有限公司) which is primarily engaged in the manufacturing and supplying of ready-mix concrete products to the domestic infrastructural, real estate development and construction sectors in Wuzhou City, China. It has commenced commercial production in June 2016.

For more information, please visit the company website at www.gke.com.sg.

Issued for and on behalf of **GKE CORPORATION LIMITED** by:



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