



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

NEWS RELEASE

GKE POSTS 53% GROWTH IN REVENUE TO S\$17 MILLION FOR 1Q FY18

- *Higher revenue was contributed by port operations and maritime logistics service provider, TNS and ready-mix concrete manufacturer, Wuzhou Xing Jian*
- *Increase in operating expenses attributable to broadened operations of subsidiaries, lower margin from warehousing & logistics division, higher amortisation charges arising from acquisitions, and share of losses of joint venture due to the liquefied gas carrier vessel undermined the Group's earnings in 1Q FY18*
- *Group is on track to drive growth going forward, with 39 Benoi Road warehouse becoming operational and increasing demand for ready-mix concrete as urbanisation plan progresses in Wuzhou City, China*

FYE 31 May (S\$'000)	1Q FY18	1Q FY17	YoY Change
Revenue	17,379	11,355	+ 53.1%
Gross profit	3,326	2,647	+ 25.7%
(Loss)/profit before tax	(869)	347	N.M.
Net (loss)/profit attributable to shareholders	(1,148)	126	N.M.

Notes: (1) 1Q denotes three months ended 31 August.

(2) N.M. denotes not meaningful.

SINGAPORE, 12 October 2017 – GKE Corporation Limited (锦佳集团有限公司) (“GKE” or the “Company” and together with its subsidiaries, the “Group”), a leading integrated warehousing and logistics solutions provider, today announced that it has registered 53.1% growth in revenue to S\$17.4 million for the three months ended 31 August 2017 (“**1Q FY18**”), from S\$11.4 million in 1Q FY17. Higher revenue was mainly contributed by port operations and maritime logistics service provider, TNS Ocean Lines (S) Pte Ltd (“**TNS**”) and ready-mix concrete manufacturer, Wuzhou Xing Jian Readymix Co., Ltd (“**Wuzhou Xing Jian**”) as it ramped up production progressively over the past year. The increase was, however, mitigated by a decline in storage and handling from the warehousing & logistics division amid intense competition in the financial period under review.

Commenting on the performance for the quarter, Mr Neo Cheow Hui (梁鹏飞), CEO and Executive Director of GKE said, “We are appreciative of the support from our bankers, business partners and shareholders, who stood with us as we continue to overcome adversities to steer the Group towards a broader and sustainable earnings base. With the 39 Benoi Road warehouse cum office property becoming operational, we are hopeful that margins from the warehousing & logistics division will

improve as the occupancy rate for the 39 Benoi Road warehouse continues to increase, coupled with the cessation of the leases of storage space from external parties.

One of our strategic investments, Wuzhou Xing Jian, is progressing well after it commenced production a year ago. It has received increasing orders for ready-mix concrete as the planned urbanisation in Wuzhou City, China is being rolled out. We believe that our strategic investment in Wuzhou Xing Jian to ride on the urbanisation of Wuzhou City will pay off.”

In tandem with higher revenue, cost of sales increased by 61.4% from S\$8.7 million in 1Q FY17 to S\$14.1 million in 1Q FY18, mainly stemmed from additional expenses from the operations of TNS and Wuzhou Xing Jian. This was partially offset by lower rental expenses due to the expiry of lease of external warehouse space. While the Group’s gross profit increased by 25.7% from S\$2.6 million in 1Q FY17 to S\$3.3 million in 1Q FY18, the composite gross margin declined from 23.3% in 1Q FY17 to 19.1% in 1Q FY18, attributable to lower gross margin from the warehousing & logistics division.

Other income increased from S\$0.1 million in 1Q FY17 to S\$0.4 million in 1Q FY18, mainly due to the gain on disposal of property, plant and equipment, as well as additional income such as government’s grants and insurance claims.

Total operating expenses saw an increase of 63.1% to S\$3.7 million in 1Q FY18, compared with S\$2.2 million in the last corresponding period. This was mainly due to higher operational costs with the addition of TNS and Wuzhou Xing Jian as well as an increase in amortisation of intangible assets.

Finance costs decreased by 11.4% to S\$0.4 million in 1Q FY18 as a result of lower property loan interest repayment on refinancing, which was partially offset by additional interest expense incurred by Wuzhou Xing Jian and TNS.

Other credit of S\$73,000 in 1Q FY18 was mainly net foreign exchange gain, which was a reversal from an expense of S\$0.2 million in 1Q FY17.

The gradual improvement in the occupancy rate for the storage of metals under GKE Metal Logistics Pte Ltd (“**GKE Metal**”) saw the share of results of associates reverse from a loss of S\$0.1 million in 1Q FY17 to a profit of S\$20,000 in 1Q FY18. Amid the subdued economic growth and oil price recovery, the chartering rate for the liquefied gas carrier vessel continued to come under pressure. Share of results of joint venture saw a reverse from a profit of S\$0.6 million in 1Q FY17 to a loss of S\$0.7 million in 1Q FY18.

Taking into account the above, the Group recorded a net loss attributable to shareholders of S\$1.1 million in 1Q FY18, as compared to a net profit of S\$0.1 million in 1Q FY17.

Business Outlook

The Group expects the business environment to continue to be challenging amid the geopolitical uncertainties and subdued economic growth, with inflationary cost pressure weighing on the operating performance of the Group.

With the redevelopment of the 39 Benoi Road warehouse cum office property (“**Benoi Road Property**”) completed, Viva Industrial Real Estate Investment Trust (“**Viva**”) has commenced the construction of the vehicular link to connect the 40-foot container ramp from the Benoi Road Property to that of the 30 Pioneer Road warehouse property. Upon completion of this vehicular link, Viva shall pay the Group an additional S\$3 million and shall share the maintenance and repair costs of the ramp.



“We believe the completion of the vehicular link between the two adjoining warehouses will further enhance the effectiveness of our warehousing & logistics services for our customers, and reduces the labour intensity,” added Mr Neo.

The Group will continue to drive synergies among the subsidiaries within its core warehousing & logistics division, to achieve stable and sustainable earnings growth in the long term.

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This press release is to be read in conjunction with the Company’s announcement posted on the SGX website on 12 October 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.

The contact person for the Sponsor is Mr. Leong Weng Tuck (Telephone no.: +65 6381 6757) at Six Battery Road, #10-01, Singapore 049909.

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. The Group’s recent acquisitions expanded its capabilities into marine logistics and chemical warehousing through its 70% stake in Marquis Services Pte Ltd, and extended its logistics services through its wholly-owned TNS Ocean Lines (S) Pte Ltd, an established port operations and maritime logistics service provider, 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 marine and shipping logistics business through its 50% joint venture, Ocean Latitude Limited, which 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. This 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:



For more information, please contact:

Ms. Rosalina Soh (苏沛熙)

Office: (65) 6221 8308

Email: rosalina.soh@eqtq.com.sg
