

GKE CORPORATION

(Incorporated in the Republic of Singapore | Company Reg. No.: 200001941G)

39 Benoi Road Level 6 Singapore 627725

T: (65) 6261-7770 | F: (65) 6266-2557 | W: www.gke.com.sg

SGX stock code: 595

GKE more than triples net profit to S\$6.5 million in 1H FY21

- Improved income contribution from RMC manufacturing facilities, backed by increasing infrastructural projects in China
- A further five-year lease renewal of 30 Pioneer Road supports the Group to manage costs effectively

Key Financial Highlights:

FYE 31 May (S\$'000)	1H FY21	1H FY20	YoY Change	FY20
Revenue	60,050	54,968	+ 9.2%	107,262
Gross profit	14,540	10,249	+ 41.9%	21,841
Gross profit margin	24.2%	18.6%	+ 5.6 pp	20.4%
Profit before tax	9,625	3,498	> 100.0%	8,424
Net profit ⁽¹⁾	6,522	1,806	> 100.0%	4,696
EPS ⁽²⁾ (cents)	0.84	0.24	> 100.0%	0.61

* 1H denotes six months ended 30 November

(1) Net profit attributable to owners of the Company

(2) Earnings per share is based on the average weighted number of shares of 777.5 million for 1H FY21, 760.8 million for 1H FY20 and 773.9 million for FY20.

For Immediate Release

SINGAPORE, 13 January 2021 – GKE Corporation Limited 锦佳集团 (“GKE” and together with its subsidiaries, the “**Group**”), a leading integrated warehousing and logistics solutions provider, achieved record net profit of S\$6.5 million on the back of a 9.2% increase in revenue to S\$60.1 million for the six months ended 30 November 2020 (“**1H FY21**”). The significant increase in net profit was mainly attributable to (i) optimal occupancy of the Group’s warehouses at higher rental rates in Singapore, (ii) higher volume of ready-mixed concrete (“**RMC**”) produced and sold at higher average selling prices in Wuzhou, China, and (iii) payouts from government support schemes.

Mr Neo Cheow Hui (梁鹏飞), CEO and Executive Director of GKE said, “**The coronavirus outbreak brought unprecedented challenges as well as opportunities. The disruptions to supply chains arising from the pandemic and political uncertainties gave the Group opportunities to diversify our customer base, particularly in the healthcare and medical supplies sector. We are appreciative of our customers’ commitment and confidence in our competence to support them**

in their supply chain management. Our warehouses are currently operating at optimal occupancy, and securing longer-term contracts with our customers provide us with stable earnings visibility.

The Group's strategic investments in infrastructural materials and services in China continues to register strong earnings growth on the back of China's economic recovery. Our RMC manufacturing facility in Wuzhou City ("Wuzhou Xing Jian" 梧州星建) has completed the installation of a third production line, bringing our aggregate production capacity from 800,000m³ per annum to 1,200,000m³ per annum at end December 2020. The additional line was added to cope with the increasing demand for RMC required for the infrastructural and property development projects in Wuzhou City.

With the increase in production capacity in Wuzhou Xing Jian as well as the expected completion of the new wholly-owned RMC manufacturing plant with a production capacity of 400,000m³ per annum in Cenxi City ("Cenxi Xing Jian" 岑溪星建), the Group purchased new concrete mixer trucks to cater for the anticipated increase in the demand for RMC in these two cities.

We are appreciative of the patience and support from our stakeholders – employees, suppliers, customers, and shareholders over the years, and we are confident that our focus on warehousing and logistics in Singapore and infrastructural materials and services in China, will see us emerge stronger post-pandemic."

Financial Review

The stockpiling by some customers in preparation to avoid disruptions to their operations has led to an increase in warehouse occupancy. The higher demand against limited warehouse space resulted in optimal utilisation and better rental rates.

The Group's revenue grew 9.2% year-on-year to S\$60.1 million in 1H FY21, up from S\$55.0 million in 1H FY20. The increase was mainly driven by higher revenue contributions from its RMC manufacturing facility in Wuzhou City, China on increased productivity and average selling price, and its core warehousing and logistics operations in Singapore due to higher storage revenue.

Gross profit improved by 41.9% from S\$10.2 million in 1H FY20 to S\$14.5 million in 1H FY21 in tandem with higher margins from the RMC manufacturing facility and higher occupancy of warehouses. Correspondingly, gross margin rose from 18.6% in 1H FY20 to 24.2% in 1H FY21.

Other income arising from interest income, government grants, and gain on disposal of fixed assets, increased from S\$1.4 million in 1H FY20 to S\$3.2 million in 1H FY21. The increase was mainly due to government support schemes.

Operating expenses comprising marketing and distribution costs and administrative expenses, increased marginally by 1.6% year-on-year from S\$6.6 million in 1H FY20 to S\$6.7 million in 1H FY21. This was mainly due to higher marketing and distribution expenses for Wuzhou Xing Jian and slight increase in staff and depreciation expenses.

Finance costs increased from S\$1.4 million in 1H FY20 to S\$1.5 million in 1H FY21, with the increase in interest expenses on finance lease liabilities arising from the purchase of concrete mixer trucks at Wuzhou Xing Jian and Cenxi Xing Jian.

The share of loss from associate increased from \$1,000 in 1H FY20 to S\$73,000 in 1H FY21, was mainly due to the start-up costs of the 24%-owned construction waste materials recycling plant, Cenxi Haoyi Recycling Co., Ltd (“**Cenxi Haoyi**”) in China. After taking into account the tax expenses and minority interests, the Group’s net profit attributable to shareholders surged from S\$1.8 million in 1H FY20 to S\$6.5 million in 1H FY21.

The Group’s net asset value increased to approximately S\$84.0 million as at 30 November 2020, as compared with approximately S\$76.8 million as at 31 May 2020. Correspondingly, net asset value per share increased from 9.82 Singapore cents as at 31 May 2020 to 10.84 Singapore cents as at 30 November 2020.

Corporate Developments

On 14 October 2020, the Group announced that it has renewed the lease for its 30 Pioneer Road warehouse cum office property in Singapore for another five years beginning 15 April 2021. The renewal is expected to improve the Group’s cost management for its warehousing business operations in the financial year ending 31 May 2022 (“**FY22**”).

The strategic investments in the infrastructural materials and services segment in China have been progressing as the Chinese government steps up on the country’s economic recovery.

The construction of the Group’s wholly-owned RMC manufacturing facility in Cenxi City with a

production capacity of 400,000m³ per annum is expected to complete by end February 2021.



Construction of Cenxi Xing Jian in progress.

The 24%-owned construction waste materials recycling plant in Cenxi City is completed and recently commenced trial production.



Cenxi Haoyi Construction Waste Material Recycling Facility

The Group is expecting the performance of its infrastructural materials and services segment to remain positive on the back of increasing urbanisation projects in China.

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Note: This media release is to be read in conjunction with the Company's results announcement posted on the SGX website on 13 January 2021.

About GKE Corporation Limited

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

GKE Corporation Limited (锦佳集团) (“**GKE**” or the “**Company**” and together with its subsidiaries or 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. The business activities of GKE can be classified into two broad categories: (i) warehousing & logistics, and (ii) strategic investments.

The Group’s facilities hosts one of the best material handling systems, with the most up-to-date safety and security features. It leverages information technology to increase order visibility, maximise operational efficiency, effective inventory management, 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 the port operations to further enhance the logistics value chain.

The Group’s strategic investment focuses on infrastructural materials and services business in China. The strategic investments are broadened through its wholly-owned subsidiary, Wuzhou Xing Jian Readymix Co., Ltd. (梧州市星建混凝土) (“**Wuzhou Xing Jian**”), which is primarily engaged in the manufacturing and supplying of ready-mix concrete products to the infrastructural 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 in Cenxi City. Through Wuzhou Xing Jian, the Group has also extended its participation into (i) construction material waste recycling in Cenxi City, and (ii) mining and production of limestone products in Cangwu County, where Wuzhou Xing Jian holds the mining rights of a limestone mine.

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

Issued for and on behalf of **GKE Corporation Limited** by:



富登财经
FinComm

Investor relations contact:

Rosalina Soh 苏沛熙

Office : (65) 6955 7767

Mobile : (65) 9677 6683

Email : rosalina@octavecomms.com

*This media release has been prepared by 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 media release.*

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

The details of the contact person for the Sponsor are:

Name: Mr Lay Shi Wei (Registered Professional, RHT Capital Pte. Ltd.)

Address: 6 Raffles Quay, #24-02 Singapore 048580

Email: sponsor@rhtgoc.com