



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

## NEWS RELEASE

### GKE REGISTERS RECORD REVENUE OF S\$56 MILLION FOR FY17

- **Higher revenue was driven by chemical warehouse operator, Marquis, maiden contributions from ready-mix concrete manufacturing plant, Wuzhou Xing Jian, and newly acquired port operations and maritime logistics service provider, TNS**
- **Reinvestment of disposal gains bearing fruits:**
  - ramp up warehouse cum office property at 39 Benoi Road to be operational by end August 2017
  - Wuzhou Xing Jian in commercial production since June 2016
- **Group strives to overcome the adversities and continues to drive synergies among its subsidiaries within the warehousing & logistics division**

<b>FYE 31 May (S\$'000)</b>	<b>FY17</b>	<b>FY16</b>	<b>YoY Change</b>
Revenue	56,130	36,873	+ 52.2%
Gross profit	11,420	9,716	+ 17.5%
Profit/(loss) before tax	(2,117)	7,241	N.M. <sup>(1)</sup>
Net profit/(loss) attributable to shareholders	(2,270)	5,709	N.M. <sup>(1)</sup>

*Note: (1) N.M. denotes not meaningful.*

**SINGAPORE, 28 July 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 announced that it has achieved a record revenue of S\$56.1 million for the financial year ended 31 May 2017 (“**FY17**”). Higher revenue was mainly driven by 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**”) which commenced commercial production in June 2016, and newly acquired port operations and maritime logistics service provider, TNS Ocean Lines (S) Pte Ltd (“**TNS**”). This was, however, undermined by pricing pressure and intense competition in the warehousing & logistics industry amid subdued economic growth and rising cost of operations.

Net loss attributable to shareholders was S\$2.3 million in FY17, a reversal from net profit attributable to shareholders of S\$5.7 million a year ago. This was mainly due to (i) the absence of the one-off gains of S\$1.2 million arising from the disposals of Everflourish and Maoming, and S\$13.7 million from the disposal of the warehouse cum office property at 30 Pioneer Road (“**Pioneer Road Property**”), (ii) higher rental arising from sale and leaseback transaction, and (iii) the fair value loss on contingent consideration amounting to S\$0.5 million arising from the appreciation of GKE’s share

price for 5,000,000 ordinary shares from \$0.077 as at the date of acquisition to \$0.17 as at 31 May 2017 for the acquisition of Marquis.

Commenting on the results, Mr. Neo Cheow Hui (梁鹏飞), CEO and Executive Director of GKE said, “Our reinvestment of resources unlocked from our assets last year has given the Group the opportunity to embark on new phases of growth. Despite the pressure and challenges of the business environment, we are committed to strive to strengthen our earnings base. The strategic acquisitions of Marquis and TNS as well as the commercialisation of Wuzhou Xing Jian’s ready-mix concrete manufacturing plant in Wuzhou, China, contributed positively to the Group in this financial year, while the redevelopment of the ramp up warehouse cum office property at 39 Benoi Road is on-going.

Despite having additional operating costs weighing on the Group, we will continue to fine tune the integration and operations for our warehousing and logistics division including Marquis, TNS and the redeveloped Benoi Road Property, which is expected to be operational by end August 2017. The Group strives to overcome the adversities and continues to drive synergies among its subsidiaries within the warehousing & logistics division.”

In tandem with higher revenue, the Group’s gross profit increased by 17.5% from S\$9.7 million in FY16 to S\$11.4 million in FY17. The composite gross margin, however, decreased from 26.3% in FY16 to 20.3% in FY17, undermined by lower margin from the local warehousing & logistics segment on higher rental cost from the lease at the Pioneer Road Property.

Other income declined by 93.0% to S\$1.1 million, down from S\$15.7 million in FY16. This was mainly due to the absence of the one-time gains of S\$1.2 million from the disposals of Everflourish and Maoming of S\$1.2 million, and S\$13.7 million from the disposal of the Pioneer Road Property.

Total operating expenses saw a decrease of 18.5% to S\$12.3 million in FY17 as compared to S\$15.1 million in the last corresponding period. This was mainly due to the absence of impairment loss of S\$3.9 million for investment in GKE Metal that was recognised in FY16, partially offset by higher staff cost with the addition of Marquis, TNS, and ramp up of production in Wuzhou Xing Jian as well as amortisation of intangible assets.

Finance costs decreased by 25.6% from S\$2.1 million in FY16 to S\$1.5 million in FY17 as a result of repayment on borrowings, which was partially offset by the interest expense incurred on the hire purchase of equipment and motor vehicles for Wuzhou Xing Jian and operations in Singapore, and the loan for acquisition of the 7 Kwong Min Road warehouse property for Marquis.

Other expenses increased by 150.6% from S\$0.3 million in FY16 to S\$0.8 million in FY17, due mainly to the fair value loss on contingent consideration amounting to S\$0.5 million arose from the appreciation of GKE’s share price for 5,000,000 ordinary shares from \$0.077 as at the date of acquisition to \$0.17 as at 31 May 2017 related to the acquisition of Marquis. The contingent consideration arrangement is part of the purchase agreement with the previous owner of Marquis

that 5,000,000 ordinary shares shall be issued to the previous owner if Marquis generates a net profit before tax of \$2.8 million or greater for the period from 1 December 2015 to 30 November 2017.

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\$0.5 million in FY16 to a profit of S\$7,000 in FY17. The loss from its share of results of joint venture was narrowed from S\$0.2 million in FY16 to S\$41,000 in FY17 as the liquefied gas carrier vessel came on stream from the fourth quarter of FY16. With the subdued economic recovery weighing on the chartering of the vessel, the contract was renewed at a relatively lower charter rate.

Taking into account the above, the Group recorded a net loss attributable to shareholders of S\$2.3 million in FY17, as compared to a net profit of S\$5.7 million in FY16.

### **Business Outlook**

The Group remains cautious as the economic recovery in the region is likely to be subdued with challenging business environment.

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. This bodes well for the warehousing & logistics segment as it looks to lower the cost of operations arising from the external leasing of additional storage space during the redevelopment of the 39 Benoi Road property.

The Group will continue to drive synergies among the subsidiaries within its core warehousing & logistics division, and provide its holistic suite of value-added services for supply chain management. It will also continue to monitor its current portfolio to achieve stable and sustainable earnings growth in the long term.

~ End ~

*This press release is to be read in conjunction with the Company's announcement posted on the SGX website on 28 July 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 83,000m<sup>3</sup> 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](http://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](mailto:rosalina.soh@eqtq.com.sg)

---