

GKE CORPORATION

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

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SGX stock code: 595

GKE strengthens gross profit and gross margin, posts S\$3.9 million net profit in FY23

- Core warehousing and logistics segment in Singapore continues to record growth with expansion of dangerous goods, pharmaceutical products and specialty chemicals handling and storage
- Board proposes a final tax-exempt dividend of 0.20 Singapore cents per share
- The Group's business operations in core warehousing and logistics, and strategic investments of infrastructural materials and services are well positioned for sustainable growth in the long term

Key Financial Highlights:

FYE 31 May (S\$' Million)	2H FY23	2H FY22	YoY Change	FY23	FY22	YoY Change
Revenue	54.23	49.82	+8.9%	108.93	104.80	+ 3.9%
Gross profit	14.81	12.11	+ 22.3%	30.50	25.83	+ 18.1%
Gross profit margin	27.3%	24.3%	+ 3.0 pp	28.0%	24.6%	+ 3.4 pp
Profit before tax	4.68	2.87	+ 63.1%	6.88	8.52	- 19.3%
Net profit ⁽¹⁾	2.91	0.89	> 100.0%	3.91	4.70	- 16.9%
EPS ⁽²⁾ (cents)	0.38	0.11	> 100.0%	0.50	0.61	- 18.0%

* 2H denotes six months and FY denotes 12 months ended 31 May

(1) Net profit attributable to owners of the Company

(2) Earnings per share are based on the average weighted number of shares of 775.12 million for the relevant financial period.

For Immediate Release

SINGAPORE, 26 July 2023 – GKE Corporation Limited 锦佳集团 (“GKE” and, together with its subsidiaries, the “**Group**”), a leading integrated warehousing and logistics solutions provider with strategic investments in infrastructural materials and services business in China and agriculture business in Singapore, registered a 16.9% decline in net profit to S\$3.9 million on the back of a 3.9% increase in revenue to S\$108.9 million for the financial year ended 31 May 2023 (“**FY23**”). The better performance in the second half (“**2H FY23**”) was lifted by strong contributions from the warehousing and logistics segment in Singapore and the recovery of the infrastructural materials and services segment in China.

Commenting on the financial performance, Mr. Neo Cheow Hui (梁鹏飞), CEO and Executive Director of GKE said, “We are heartened to have emerged from the pandemic with a stronger foundation, where we are geared towards supporting our customers with higher value-adding solutions and services in our core integrated warehousing and logistics businesses. Our expansion of handling and storage of dangerous goods, pharmaceutical products, specialty chemicals, and chemical blending services for our Singapore operations, took time and effort. We are pleased that these efforts paid off, lifting our operating margins and driving sustainable growth. Our continuous pursuit of advancing our competencies in handling and storage of cargoes in niche and specialised industries has won us a favourable market position and kept our warehouses at high occupancy rates.

On our strategic investments, both our infrastructural materials and services and agriculture segments have done well. Our infrastructural materials and services segment in China was faced with challenges following the sudden easing of the stringent Covid measures in 2H FY23, and we believe this transition will come to pass. We remain mindful of our expansion plans and management of resources given the current economic conditions and inflationary pressure.”

Financial Review

For the financial period under review, the Group’s Singapore operations continued its growth momentum in its core warehousing and logistics segment, which saw a 15.6% year-on-year increase from S\$74.7 million in FY22 to S\$86.3 million in FY23. The increase was due to higher revenue contribution in warehousing storage, project logistics, port operations, and the inclusion of the newly acquired subsidiary, Fair Chem Industries Pte Ltd (“FCI”), which buffered the adverse performance of the Group’s infrastructural materials and services segment in China. Whilst the infrastructural materials and services segment reversed its trend to record higher revenue in 2H FY23, the overall volume and average selling price of ready-mix concrete (“RMC”) in FY23 were lower, resulting in a 26.3% decline in revenue from S\$29.9 million in FY22 to S\$22.1 million in FY23.

Revenue analysis by business segments

FYE 31 May (S\$'000)	FY23	FY22	YoY Change
Warehousing & logistics	86,268	74,655	+ 15.6%
Strategic Investments:			
Infrastructural materials & services	22,050	29,920	- 26.3%
Agriculture (indoor vegetables farm)	612	228	> 100.0%
Total	108,930	104,803	+ 3.9%

The Group's gross profit increased by 18.1% from S\$25.8 million in FY22 to S\$30.5 million in FY23. The increase was in tandem with the higher revenue contribution from the warehousing and logistics segment in Singapore but undermined by the increase in operating costs in Singapore as well as the lower cost of sales in line with the lower revenue contribution from the infrastructural materials and services segment in China. Nevertheless, higher utilisation of warehousing space, higher contribution from port operations, and FCI bolstered the gross margin from 24.6% in FY22 to 28.0% in FY23.

Other income decreased by 5.0% from S\$2.1 million in FY22 to S\$2.0 million in FY23. This was mainly due to a decrease in grant income received from the government, which was offset by a reversal of the overprovision of withholding tax in the prior year.

Total operating expenses comprising marketing and distribution expenses and administrative expenses, increased by 32.8% from S\$16.8 million in FY22 to S\$22.4 million in FY23. The increase was mainly due to (i) an increase in the allowance of expected credit loss relating to receivables of S\$1.3 million in China, (ii) the inclusion of administrative expenses from FCI of S\$1.6 million, and (iii) an increase in staff costs of S\$1.3 million.

Other expenses of S\$0.6 million in FY23 was mainly due to net foreign exchange loss, a reversal from other credit of S\$84,000 in FY22 which was a net foreign exchange gain.

Finance costs decreased by 1.1% from S\$2.9 million in FY22 to S\$2.8 million in FY23 due to lower outstanding bank borrowings despite an increase in interest rate.

After taking into account tax expenses, the Group's net profit attributable to shareholders declined by 16.9% year-on-year from S\$4.7 million in FY22 to S\$3.9 million in FY23. As at 31 May 2023, the Group's net asset value per share was 11.92 Singapore cents, an increase from 11.74 Singapore cents as at 31 May 2022 due mainly to the net profit of S\$3.9 million in FY23.

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This media release is to be read in conjunction with the Company's announcement posted on the SGX website on 26 July 2023.

About GKE Corporation Limited

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

GKE Corporation Limited 錦佳集团 (“**GKE**” or the “**Company**” and together with its subsidiaries, 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, with strategic investments in infrastructural materials and services business in China and agricultural business in Singapore. The business activities of the Group are classified into two broad categories: (i) warehousing & logistics, and (ii) strategic investments.

The Group’s facilities host 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 and 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 investments, initially focusing on infrastructural materials and services business in China have diversified to include agriculture business, specifically indoor cultivation of vegetables in Singapore, in early 2021. The strategic investments under infrastructural materials and services 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 development 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 to Cenxi City. Through Wuzhou Xing Jian, the Group extended its operations to (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 Octave FinComm Private Limited:



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*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**”).*

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.

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