GKE CORPORATION LIMITED
(Company Registration No. 200001941G)

UNAUDITED FIRST HALF FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2020

PART 1 - INFORMATION REQUIRED FOR FIRST HALF YEAR ANNOUNCEMENTS

1(a) An income statement and statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group		
	1st Half Year Ended		
	30-Nov-20	30-Nov-19	change
	S$'000	S$'000	%
Revenue	60,050	54,968	9.2
Cost of sales	(45,510)	(44,719)	1.8
Gross profit	14,540	10,249	41.9
Other income	3,230	1,419	127.6
Expenses			
Marketing and distribution costs	(175)	(108)	62.0
Administrative expenses	(6,532)	(6,496)	0.6
Finance costs	(1,496)	(1,359)	10.1
Other expenses	131	(206)	N.M.
Share of results of associates	(73)	(1)	N.M.
Profit before tax	9,625	3,498	175.2
Tax expense	(2,915)	(1,668)	74.8
Profit for the period	6,710	1,830	266.7
Profit attributable to:			
Owners of the Company	6,522	1,806	261.1
Non-controlling interests	188	24	683.3
	6,710	1,830	266.7

Profit before tax includes the following items :

	The Group		
	1st Half Year Ended		
	30-Nov-20	30-Nov-19	change
	S$'000	S$'000	%
Audit fees payable to auditors of the Company	(111)	(88)	26.1
Amortisation of customer relationship	(153)	(153)	-
Bad debts written off	(17)	-	N.M.
Depreciation of property, plant and equipment	(7,822)	(7,583)	3.2
Fair value gain on financial assets	12	37	(67.6)
Fixed assets written off	(17)	-	N.M.
Gain on disposal of investment in subsidiary	-	294	N.M.
Gain on disposal of financial assets at fair value through profit or loss	111	-	N.M.
Interest income	14	63	(77.8)
Interest expenses	(1,496)	(1,359)	10.1
Legal and professional fees	(73)	(153)	(52.3)
Gain on disposal of property, plant and equipment	24	14	71.4
Written back/(allowance) of expected credit loss	13	(5)	N.M.
Net foreign exchange gain/(loss)	131	(206)	N.M.

N.M. denotes not meaningful.

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UNAUDITED FIRST HALF FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2020

1 (a)(i) Consolidated Statement of Comprehensive Income for the period ended 30 November 2020

	The Group		
	1st Half Year Ended		
	30-Nov-20	30-Nov-19	change
	S$'000	S$'000	%
Profit for the period	6,710	1,830	266.7
Other comprehensive income, net of tax			
Foreign currency translation	821	(492)	N.M.
Net change in fair value of cash flow hedges	434	(504)	N.M.
Other comprehensive income for the period, net of tax	1,255	(996)	N.M.
Total comprehensive income for the period	7,965	834	855.0
Profitattributable to:			
Owners of the Company	7,698	893	762.0
Non-controlling interests	267	(59)	N.M.
Total comprehensive income for the period	7,965	834	855.0

GKE CORPORATION LIMITED
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UNAUDITED FIRST HALF FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2020

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	The Group		The Company	
	30-Nov-20	31-May-20	30-Nov-20	31-May-20
	S$'000	S$'000	S$'000	S$'000
ASSETS				
Non-current assets				
Property, plant and equipment	112,286	129,800	286	321
Intangible assets	5,440	5,563	-	-
Investments in subsidiaries	-	-	41,215	47,959
Investment in associates	1,862	997	-	-
Financial assets at fair value through profit or loss	187	313	77	207
Other receivables	-	-	9,786	7,763
Total non-current assets	**119,775**	**136,673**	**51,364**	**56,250**
Current assets				
Inventories	313	340	-	-
Trade and other receivables	39,023	35,247	6,444	11,834
Prepaid operating expenses	1,152	1,336	36	27
Cash and short term deposit	26,193	23,100	9,189	6,459
	66,681	60,023	15,669	18,320
Assets held for sale	14,854	-	6,743	-
Total current assets	**81,535**	**60,023**	**22,412**	**18,320**
Total assets	**201,310**	**196,696**	**73,776**	**74,570**
EQUITY AND LIABILITIES				
Equity				
Share capital	85,145	85,145	85,145	85,145
Treasury shares	(1,531)	(1,062)	(1,531)	(1,062)
Retained Earnings/(Accumulated losses)	271	(6,251)	(30,941)	(30,696)
Other reserves	104	(1,072)	(97)	(97)
Equity attributable to owners of the Company	**83,989**	**76,760**	**52,576**	**53,290**
Non-controlling interests	5,085	4,818	-	-
Total equity	**89,074**	**81,578**	**52,576**	**53,290**
Non-current liabilities				
Other liabilities	2,401	2,518	-	-
Lease liabilities	12,744	13,307	-	130
Deferred tax liabilities	779	562	-	-
Total non-current liabilities	**71,604**	**71,610**	**2,400**	**130**
Current liabilities				
Trade and other payables	11,959	13,855	17,583	20,155
Other liabilities	4,089	8,615	471	959
Derivative financial liabilities	1,930	2,036	-	-
Lease liabilities	5,598	8,010	146	36
Borrowings	10,138	9,689	600	-
Tax payable	1,276	1,303	-	-
	34,990	43,508	18,800	21,150
Liabilities directly associated with the assets held for sale	5,642	-	-	-
Total current liabilities	**40,632**	**43,508**	**18,800**	**21,150**
Total liabilities	**112,236**	**115,118**	**21,200**	**21,280**
Total equity and liabilities	**201,310**	**196,696**	**73,776**	**74,570**

GKE CORPORATION LIMITED
(Company Registration No. 200001941G)

UNAUDITED FIRST HALF FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2020

1(b)(ii) Aggregate amount of group's borrowings and debt securities

	The Group		The Group	
	As at 30 Nov 2020		As at 31 May 2020	
	Secured	Unsecured	Secured	Unsecured
	S$'000	S$'000	S$'000	S$'000
(a) Amount repayable in one year or less, or on demand				
Finance lease	1,977	-	1,477	-
Borrowings	10,138	-	9,689	-
(b) Amount repayable after one year				
Loan from non-controlling interests	-	2,365	-	1,222
Finance lease liabilities	2,353	-	2,261	-
Borrowings	55,680	-	55,223	-

(c) Details of any collateral

The loan from non-controlling interests repayable in one year or on demand is entered into for the financing of the construction of the warehouse in Yangshan Shanghai, China and working capital purpose of Van Der Horst (Shanghai) Logistics Co., Ltd. The loans from non-controlling interests are unsecured.

Finance leases are entered into for certain motor vehicles, trailers, forklifts, lifting equipment and prime movers that are secured by the lessor's charge over the leased assets and are secured by corporate guarantee from GKE Corporation Limited ("GKEC") and non-controlling interests.

Borrowings repayable in one year or less and the borrowings repayable after one year were obtained for the acquisition of warehouses located at 6 Pioneer Walk, 7 Kwong Min Road, 39 Benoi Road, the construction of the warehouse in Yangshan Shanghai, China and the working capital of Wuzhou Xing Jian Readymix Co., Ltd. ("Wuzhou Xing Jian").

Borrowings are secured by proportional corporate guarantee from GKEC and non-controlling interests, first legal mortgage over the properties located at 6 Pioneer Walk, 7 Kwong Min Road and 39 Benoi Road, charge on property, plant and equipment of Wuzhou Xing Jian and Cenxi Xing Jian Readymix Co., Ltd ("Cenxi Xing Jian") and fixed charge over 100% shareholdings in the share capital of a subsidiary, Van Der Horst (Shanghai) Logistics Co., Ltd..

GKE CORPORATION LIMITED
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UNAUDITED FIRST HALF FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2020

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group	
	1st Half Year Ended	
	30-Nov-20	30-Nov-19
	S$'000	S$'000
Cash flow from operating activities		
Profit before tax	9,625	3,498
Adjustments for:		
Amortisation of customer relationship	153	153
Bad debts written off	17	-
Depreciation of property, plant and equipment	7,822	7,583
Gain on disposal of financial assets at fair value through profit or loss	(111)	-
Gain on disposal of property, plant and equipment	(24)	(14)
Gain on disposal of subsidiary	-	(294)
Fair value gain on financial assets	(12)	(37)
Interest expense	1,496	1,359
Interest income	(14)	(63)
Property, plant and equipment written off	7	-
Share of results of associates	73	1
(Written back)/allowance of expected credit loss	(13)	5
Effect of exchange rate changes	56	217
Operating cash flows before changes in working capital	19,075	12,408
Changes in working capital:		
Inventories	27	83
Trade and other receivables	(3,785)	(7,135)
Prepaid operating expenses	184	(67)
Trade and other payables	795	1,556
Other liabilities	(2,831)	(2,840)
Cash flows from operations	13,465	4,005
Interest received	14	63
Income tax paid	(2,416)	(1,512)
Net cash flows generated from operating activities	11,063	2,556
Cash flows from investing activities		
Investment in financial assets at fair value through profit or loss	-	(105)
Net cash outflow from disposal of subsidiary [1]	-	(185)
Proceed from disposal of financial assets at fair value through profit or loss	251	-
Proceeds from disposal of property, plant and equipment	100	93
Capital contribution into investment in associate	(911)	(622)
Purchase of property, plant and equipment	(2,879)	(454)
Net cash flows used in investing activities	(3,439)	(1,273)
Cash flows from financing activities		
Dividend paid to non-controlling interest	-	(210)
Loan from non-controlling interest	1,322	267
Interest expense paid	(1,178)	(1,359)
Issuance of ordinary shares, net	-	6,980
Proceeds from bank borrowings	6,627	4,672
Payment of principal portion of lease liabilities	(4,695)	(821)
Purchase of treasury shares	(469)	-
Repayment of bank borrowings	(5,808)	(3,456)
Withdrawal of short-term deposit - pledged	982	-
Net cash (used in)/generated from financing activities	(3,219)	6,073
Net increase in cash and cash equivalents	4,405	7,356
Cash and cash equivalents at the beginning of financial period	20,708	9,310
Effect of exchange rate changes on cash and cash equivalents	(97)	(63)
Cash and cash equivalents at the end of financial period [2]	25,016	16,603

Explanatory notes:
(1) The Group disposed off G-Chem Logistics Pte Ltd, a wholly-owned subsidiary, on 18 June 2019. The value of assets and liabilities of G-Chem Logistics Pte Ltd recorded in the financial statements as at disposal date, and the cash flow effect of the disposal is as follows:

	Total S$'000
Property, plant and equipment	455
Trade and other receivables	608
Prepaid operating expenses	1
Cash and cash equivalents	185
	1,249
Trade and other payables	(1,249)
Finance lease liabilities	(294)
Carrying value of net assets	(294)
Total consideration *	-
Cash and cash equivalent of the subsidiary	(185)
Net cash outflow on disposal of the subsidiary	(185)

* Total consideration is S$1.

(2) Cash and cash equivalents in the cash flow statement comprised the following:-

	The Group Half Year Ended	
	30-Nov-20	30-Nov-19
	S$'000	S$'000
Cash and short-term deposit	24,783	16,603
Fixed deposits (restricted)	1,410	2,351
Cash and short-term deposit attributable to assets held for sale	233	-
	26,426	18,954
Less: Fixed deposits - pledged	(1,410)	(2,351)
Cash and cash equivalents	25,016	16,603

GKE CORPORATION LIMITED
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UNAUDITED FIRST HALF FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2020

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity for the period ended 30 November 2020

The Group	Share capital	Treasury shares	Accumulated losses	Other reserves	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance as at 1 June 2019	78,165	(672)	(9,208)	534	68,819	4,933	73,752
Adoption of SFRS(I) 16	-	-	(1,257)	-	(1,257)	-	(1,257)
Adjusted balance at 1 June 2019	78,165	(672)	(10,465)	534	67,562	4,933	72,495
Profit for the period	-	-	1,806	-	1,806	24	1,830
Other comprehensive income:							
Net change in fair value of cash flow hedges	-	-	-	(504)	(504)	-	(504)
Foreign currency translation	-	-	-	(409)	(409)	(83)	(492)
Other comprehensive income for the period, net of tax	-	-	-	(913)	(913)	(83)	(996)
Total comprehensive income for the period	-	-	1,806	(913)	893	(59)	834
Contributions by and distributions to owners:							
Dividend paid to non-controlling interests	-	-	-	-	-	(210)	(210)
Issuance of ordinary shares, net	6,980	-	-	-	6,980	-	6,980
Total contributions by and distributions to owners	6,980	-	-	-	6,980	(210)	6,770
Total transactions with owners in their capacity as owners	6,980	-	-	-	6,980	(210)	6,770
Balance as at 30 November 2019	85,145	(672)	(8,659)	(379)	75,435	4,664	80,099

The Group	Share capital	Treasury shares	Retained Earnings/ (Accumlated losses)	Other reserves	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance as at 1 June 2020	85,145	(1,062)	(6,251)	(1,072)	76,760	4,818	81,578
Profit for the period	-	-	6,522	-	6,522	188	6,710
Other comprehensive income:							
Net change in fair value of cash flow hedges	-	-	-	434	434	-	434
Foreign currency translation	-	-	-	742	742	79	821
Other comprehensive income for the period, net of tax	-	-	-	1,176	1,176	79	1,255
Contributions by and distributions to owners:							
Purchase of treasury shares	-	(469)	-	-	(469)	-	(469)
Total contributions by and distributions to owners	-	(469)	-	-	(469)	-	(469)
Total transactions with owners in their capacity as owners	-	(469)	-	-	(469)	-	(469)
Balance as at 30 November 2020	85,145	(1,531)	271	104	83,989	5,085	89,074

UNAUDITED FIRST HALF FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2020

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity for the period ended 30 November 2020

The Company	Share capital	Treasury shares	Accumulated losses	Other reserves	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000
Balance as at 1 June 2019	78,165	(672)	(30,341)	(97)	47,055
Loss for the period	-	-	(633)	-	(633)
Total comprehensive income for the period	-	-	(633)	-	(633)
Contributions by and distributions to owners:					
Issuance of ordinary shares, net	6,980	-	-	-	6,980
Total contributions by and distributions to owners	6,980	-	-	-	6,980
Balance as at 30 November 2019	85,145	(672)	(30,974)	(97)	53,402

The Company	Share capital	Treasury shares	Accumulated losses	Other reserves	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000
Balance as at 1 June 2020	85,145	(1,062)	(30,696)	(97)	53,290
Loss for the period	-	-	(245)	-	(245)
Total comprehensive income for the period	-	-	(245)	-	(245)
Contributions by and distributions to owners:					
Purchase of treasury shares	-	(469)	-	-	(469)
Total contributions by and distributions to owners	-	(469)	-	-	(469)
Balance as at 30 November 2020	85,145	(1,531)	(30,941)	(97)	52,576

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, sub-division, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purposes since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles as, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Details of any changes in the Company's issued share capital

	The Group & the Company Period as at	
	30-Nov-20	31-May-20
Total number of issued shares (excluding treasury shares):		
Total number of issued shares		
At beginning and end of financial period	794,700,540	694,700,540
Issuance of new shares [(1)]	-	100,000,000
At end of financial period ended	794,700,540	794,700,540
Treasury shares		
At beginning of the period	(13,227,950)	(6,168,650)
Share buyback	(6,348,500)	(7,059,300)
At end of the period	(19,576,450)	(13,227,950)
Total	775,124,090	781,472,590

(1) During the last financial year, the Company had issued 100,000,000 ordinary shares at $0.07 each.

1(d)(iii) To show the total number of issued shares excluding treasury shares and subsidiary holdings as at the end of the current financial period and as at the end of the immediately preceding year.

Please refer to 1(d)(ii).

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or used of treasury shares as at end of the current financial period reported on.

Please refer to 1(d)(ii).

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been reviewed nor audited.

3. Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of a matter).

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:
(a) Updates on the efforts taken to resolve each outstanding audit issue.
(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.
This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as those used in the most recently audited financial statements for the year ended 31 May 2020.

The adoption of new/revised FRS and INT FRS has no material financial impact on the financial statements.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	The Group	
	1st Half Year Ended	
	30-Nov-20	30-Nov-19
Profit per share (in SGD cent)		
- Basic [(1)]	0.84	0.24
- Fully diluted [(2)]	0.84	0.24
(1) Calculated based on weighted average number of shares	777,549,104	760,814,499
(2) Calculated based on weighted average number of shares for diluted earnings	777,549,104	760,814,499

7. Net asset value (for the issuer and group) per ordinary share based on total number of issued shares excluding treasury shares of the issuer at the end of the:- (a) current financial period reported on; and (b) immediately preceding financial year.

	Group		Company	
	30-Nov-20	31-May-20	30-Nov-20	31-May-20
Net assets (S$'000)	83,989	76,760	52,576	53,290
NAV per share (in SGD cents)	10.84	9.82	6.78	6.82
Number of shares used in calculating NAV	775,124,090	781,472,590	775,124,090	781,472,590

8. A review of the performance of the group, to the extend necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

8 (a) REVIEW OF THE PERFORMANCE OF THE GROUP

INCOME STATEMENT

1H FY2021 vs 1H FY2020

Revenue
The Group recorded a 9.2% increase in revenue to S$60.1 million for the six months ended 30 November 2020 ("1H FY21") as compared with S$55.0 million for the six months ended 30 November 2019 ("1H FY20"). The increase was mainly due to higher revenue contributed by ready-mixed concrete manufacturing plant of Wuzhou Xing Jian, coupled with an increase in storage revenue from the third party logistics segment.

Cost of sales
Cost of sales increased by 1.8% from S$44.7 million in 1H FY20 to S$45.5 million in 1H FY21, as warehousing expenses are largely fixed overheads in nature.

Gross profit
Gross profit increased by 41.9% from S$10.2 million in 1H FY20 to S$14.5 million in 1H FY21. The Group's gross margin improved from 18.6% in 1H FY20 to 24.2% in 1H FY21, mainly due to higher gross margin from both the ready-mixed concrete manufacturing plant and higher utilisation of warehousing space.

Other income
Other income was higher at S$3.2 million in 1H FY21 as compared to S$1.4 million in 1H FY20. The increase was mainly due to government support schemes.

Marketing and distribution costs
Marketing and distribution costs increased by 62% from S$0.1 million in 1H FY20 to S$0.2 million in 1H FY21 as a result of higher marketing activities from Wuzhou Xing Jian.

Administrative expenses
Administrative expenses slightly increased from S$6.4 million in 1H FY20 to S$6.5 million in 1H FY21. This was mainly due to slight increase in staff expenses and depreciation expenses compare to the corresponding period last year.

Finance costs
Finance costs increased by 10.1% from S$1.4 million in 1H FY20 to S$1.5 million in 1H FY21. The increase was mainly due to increase in interest expenses on finance lease liabilities from the purchase of concrete mixer trucks at Wuzhou Xing Jian and Cenxi Xing Jian.

Other expenses
Other expenses in 1H FY21 was mainly due to net foreign exchange gain.

Share of results of associates
The share of loss from associates increased mainly due to the start-up costs of Cenxi Haoyi Recycling Co., Ltd in China.

Tax expense
The effective tax rate has dropped from 47.7% in 1H FY20 to 30.3% in 1H FY21 mainly due to the higher profit from subsidiaries in Singapore.

Other comprehensive income
Other comprehensive income mainly comprises change in fair value of cash flow hedges and foreign currency translation of subsidiaries and associates.

STATEMENT OF FINANCIAL POSITION

Non-current assets decreased by S$16.9 million from S$136.7 million as at 31 May 2020 to S$119.8 million as at 30 November 2020. The decrease was mainly due to depreciation of property, plant and equipment, amortisation of intangible assets and transfer of non-current assets of Van Der Horst Logistics Limited and its subsidiary to current assets held for sale due to the proposed sale of interest in Van Der Horst Logistics Limited. This was offset by the increase of capital contribution into investment in associate, Cenxi Haoyi Recycling Co., Ltd. for its working capital to operate the recycling plant to recycle material waste which is feedstock to our ready-mixed concrete manufacturing plant, Cenxi Xing Jian.

Current assets increased by S$21.5 million from S$60.0 million as at 31 May 2020 to S$81.5 million as at 30 November 2020. This was mainly due to increase in trade and other receivables and cash and cash equivalents from S$58.3 million as at 31 May 2020 to S$65.2 million as at 30 November 2020 in line with the increase in revenue and reclassification of non-current assets in Van Der Horst Logistics and its subsidiary to current assets held for sale. These increases were offset with the slight decrease in prepaid operating expenses.

Non-current liabilities slightly decreased to S$71.6 million as at 30 November 2020. The decrease was mainly due to payment of principal portion of lease liabilities and offset with the additional borrowing due to expansion of Wuzhou Xing Jian.

Current liabilities decreased by S$2.9 million from S$43.5 million as at 31 May 2020 to S$40.6 million as at 30 November 2020. The decrease was mainly due to decrease in fair value of derivative financial liabilities and payment of principal portion of lease liabilities. The decrease was offset with the increase in trade and other payables and additional borrowing due to the expansion in Wuzhou Xing Jian.

Shareholders' equity increased from S$81.6 million as at 31 May 2020 to S$89.1 million as at 30 November 2020 due to higher translation reserve and profit for 1H FY21.

Assets held for sale and liabilities directly associated with the assets held for sale arose from proposed sale of 65% interest in Van der Horst Logistics Limited as stated in our announcements dated 9 September 2020 and 5 October 2020.

STATEMENT OF CASH FLOWS

1H FY2021 vs 1H FY2020

During 1H FY21, the net cash generated from operations amounted to approximately S$11.1 million. This comprises positive operating cash flows before changes in working capital of S$19.1 million, adjusted by net working capital outflow of S$5.6 million, interest received and taxes paid of S$14,000 and S$2.4 million, respectively.

Net cash used in investing activities of S$3.4 million was mainly due to purchase of property, plant and equipment of S$2.9 million and capital contribution into investment on associate of S$0.9 million which was offset with the proceed from disposal of financial assets of S$0.3 million and proceed from disposal of property, plant and equipment.

Net cash used in financing activities of S$3.2 million was mainly due to repayment of loans and borrowings, payment of principal portion of lease liabilities, and purchase of treasury shares which was offset with proceeds from bank borrowing of S$6.6 million and withdrawal of short-term deposit.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, and variance between it and the actual results.

GKE Corporation Limited has released the profit guidance announcement dated 30 November 2020. The 1H FY2021 operating performance was in line with the above announcement.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The coronavirus pandemic continues to undermine the global economy and business environment as some countries re-impose lockdowns amid virus resurgence. This is likely to slow down the recovery of international trade, and inevitably has an adverse impact on the Group's logistics and support services at the port.

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.

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 Group is also expecting the performance of its infrastructural materials and services to remain positive on the back of increasing urbanisation projects in China. The ready-mixed concrete manufacturing facility in Wuzhou City ("Wuzhou Xing Jian") has completed the installation of a third production line, bringing the total production capacity from 800,000m^3 per annum to 1,200,000m^3 per annum at end December 2020. The construction of the wholly-owned ready-mixed concrete manufacturing facility in Cenxi City with a production capacity of 400,000m^3 per annum is expected to complete by end February 2021, while the construction waste materials recycling plant in Cenxi City is completed and recently commenced trial production.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial year

No.

(c) Date Payable

Not applicable.

(d) Books Closure Date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

After deliberation, the Board has adopted a prudent approach to conserve cash amidst the current challenging and uncertain business environment. As such, no interim dividend has been proposed for 1H FY2021.

13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company has not obtained a general mandate for IPT. There are no reportable IPTs in this reporting period.

14. Negative confirmation by the Board pursuant to Rule 705(5)

The Board of Directors confirms that, to the best of it's knowledge, nothing has come to it's attention which may render the half year financial results of the Company and of the Group for the period ended 30 November 2020 to be false or misleading in any material aspect.

15. Confirmation by the Board pursuant to Rule 720(1) of the listing manual

The Board of Directors confirms that it has procured all the required undertakings to comply with the Exchange's listing rules from all the Directors and Executive Officers of the Company.

BY ORDER OF THE BOARD

Neo Cheow Hui
Executive Director and Chief Executive Officer
13 January 2021

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.

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