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 maintains momentum in gross margin in 1H FY22 despite a slowdown in its infrastructural materials and services

- **Group's RMC manufacturing plants in Wuzhou City and Cenxi City to benefit as China's urbanisation plans continue to drive demand for construction materials in the long term**
- **Proposed acquisition of Fair Chem Industries to complement and bolster growth for the warehousing and logistic operations in Singapore**
- **Group is well-positioned to generate sustainable income from both Singapore and China operations in the long term**

Key Financial Highlights:

FYE 31 May (S$' Million)	1H FY22	1H FY21	YoY Change	FY21
Revenue	54.98	60.05	- 8.4%	118.99
Gross profit	13.72	14.54	- 5.7%	28.70
Gross profit margin	24.9%	24.2%	+ 0.7 pp	24.1%
Profit before tax	5.66	9.63	- 41.2%	17.16
Net profit (1)	3.81	6.52	- 41.5%	11.53
EPS (2) (cents)	0.49	0.84	- 41.7%	1.49

* 1H denotes six months ended 30 November
(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 1H FY22, 777.55 million for 1H FY21, and 776.34 million for FY21.

For Immediate Release

SINGAPORE, 14 January 2022 – 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, recorded a 41.5% decrease in net profit to S$3.8 million, on the back of an 8.4% decline in revenue to S$55.0 million for the six months ended 30 November 2021 ("**1H FY22**"). The significant decline in net profit was mainly due to the reduction of approximately S$2.2 million from fewer government support schemes, and higher administrative expenses as a result of an increase in staff costs and an allowance of expected credit loss of S$0.9 million for its China operations in 1H FY22, as compared to a year ago.

Commenting on the financial performance, **Mr. Neo Cheow Hui (梁鹏飞), CEO and Executive Director of GKE** said, "**The Group continues to progress prudently with the evolving changes in**

the business environment amid the global coronavirus pandemic. We are committed to building sustainable growth with our key stakeholders, in particular, our customers, shareholders, and employees for the long term.

Whilst the Group registered lower sales revenue for our infrastructural materials and services segment in the first half of FY22, we managed to minimise our credit risk exposure. Our China management team has been monitoring the situation diligently when regulatory changes on China's real estate sector affected over-leveraged property developers. We believe that the situation in the real estate sector is stabilising and China's urbanisation plans will continue to drive demand for construction materials. Our ready-mixed concrete ("RMC") manufacturing plants in Wuzhou City and Cenxi City, as well as the construction waste material recycling plant are well placed to benefit in the long term."

The RMC manufacturing facility in Cenxi City ("**Cenxi Xing Jian**") has submitted their application and RMC product samples to the relevant authorities for product quality grading and certification. Upon obtaining the Construction Enterprise Qualification certificate from the Ministry of Housing and Urban-Rural Development of China, Cenxi Xing Jian will be able to sell their RMC products commercially. Meanwhile, the associated company, Cenxi Haoyi Recycling Co., Ltd ("**Cenxi Haoyi**"), which focuses on construction waste materials recycling and is located beside Cenxi Xing Jian, is expected to grow progressively with Cenxi Xing Jian as it supplies recycled raw materials as feedstock to the RMC plant. The proximity between the RMC manufacturing and recycling facilities are likely to improve cost savings and efficiency for Cenxi Xing Jian.

Added Mr. Neo, "**Our strategy to diversify into various sectors including chemicals, pharmaceuticals, and healthcare disposables, took us time and effort as each different sector requires the knowledge and ability to specifically handle the storage and logistics of each of these products. Having achieved optimal occupancy at our existing warehouses, we have been taking proactive initiatives to seek viable opportunities to broaden our earnings base, further enhance our business capabilities and diversify our industry risk. Our recent acquisition of Fair Chem Industries Pte Ltd ("FCI") is synergistic to the Group, and together with our specialty chemicals team, we strive to maximise the potential of FCI and improve our capabilities to serve our customers better.**"

The Group had on 21 December 2021 announced its acquisition of FCI, an established specialty chemicals warehouse operator with tolling and specialty chemical manufacturing capabilities in

Singapore for S$12.5 million (the "**Proposed Acquisition**"). The Proposed Acquisition comprises premises with a gross floor area of approximately 8,766 square metres and a lease expiry at end of April 2038, as well as machinery and equipment related to the tolling and specialty chemical manufacturing business. The facility is fully equipped with a complete range of equipment and machinery capable of blending and manufacturing specialty chemicals and products according to customers' specifications and formulations. Based on the audited financial statements of FCI for the financial year ended 31 December 2020, the net tangible asset value and net profit were approximately S$12.7 million and S$1.7 million, respectively.

The Group will update shareholders on the progress of its business operations and corporate developments in both Singapore and China, as and when appropriate.

Financial Review

During the half-year under review, the Group experienced growth in its Singapore operations which includes its core warehousing and logistics segment, as well as indoor vegetable farming business. The unexpected turmoil in the real estate sector in China, however, undermined the performance of the Group's China operations, particularly, the manufacturing and supply of environmentally-friendly RMC in Wuzhou City, China.

Revenue analysis by business segment

	1H FY22 (S$'000)	1H FY21 (S$'000)	YoY Change
Warehousing & Logistics	36,118	31,082	+ 16.2%
Strategic Investments:			
Infrastructural materials & services	18,773	28,868	- 35.2%
Agriculture (indoor vegetable farm)	93	-	N.M.
Total	**54,984**	**60,050**	**- 8.4%**

The Group's gross profit decreased by 5.7% from S$14.5 million in 1H FY21 to S$13.7 million in 1H FY22. This was mainly due to lower cost of sales in tandem with lower revenue in the RMC manufacturing plant, but was lifted by higher utilisation of warehousing space and increase in transportation and handling services. Correspondingly, gross margin increased slightly from 24.2% in 1H FY21 to 24.9% in 1H FY22.

Other income decreased by 66.7% from S$3.2 million in 1H FY21 to S$1.1 million in 1H FY22, mainly due to the reduction in the government support schemes for the Singapore operations.

Total operating expenses comprising marketing and distribution expenses and administrative expenses, increased by 24.9% from S$6.7 million in 1H FY21 to S$8.4 million in 1H FY22. The increase was mainly due to higher staff costs and an allowance of expected credit loss of S$0.9 million for receivables in China, which was partially offset by lower marketing and distribution expenses incurred by the RMC plant in Wuzhou City.

Other credit of S$0.6 million in 1H FY22 was mainly due to net foreign exchange gain, and marginally lower finance costs of S$1.4 million in 1H FY22 was due to the absence of finance costs from Van Der Horst Logistics (Shanghai) Co., Ltd. which was divested in May 2021.

Share of result from associate saw Cenxi Haoyi contributed a gain of S$118,000 in 1H FY22, a reversal from a loss of S$73,000 as a result of start-up costs in 1H FY21.

After taking into account tax expenses, the Group's net profit attributable to shareholders decreased from S$6.5 million in 1H FY21 to S$3.8 million in 1H FY22. As at 30 November 2021, the Group's net asset value per share was 11.65 Singapore cents, an increase from 10.84 Singapore cents as at 30 November 2020.

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This media release is to be read in conjunction with the Company's announcement posted on the SGX website on 14 January 2022.

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, 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 agri-tech. The main 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 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 focusing on infrastructural materials and services business in the Republic of China have diversified to include the agri-tech 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 has also extended its investments to (i) construction material waste recycling in Cenxi City, and (ii) the 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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OCTAVE

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