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

NEWS RELEASE

GKE TURNAROUNDS WITH NET PROFIT OF S$5.7 MILLION IN FY2016

- **Integration of newly acquired marine logistics and chemical warehouse operator, Marquis Services with GKE, saw core warehousing & logistics business continues to record growth amid the weakening economic conditions**
  - Group achieved 1.9% growth in revenue to S$36.9 million
  - Gross profit grew 5.2% to S$9.7 million with higher gross margin of 26.3%
- **Group unlocked value of assets with an aggregate net gain from disposals of S$14.9 million to support its quest to broaden and strengthen earnings base for the long term**
  - Reinvested proceeds from the sale of its associated company into its wholly-owned ready-mix concrete plant in Wuzhou, China, which has commenced commercialisation in June 2016
  - Reinvested partial proceeds from the sale of 30 Pioneer Road property to redevelop adjoining property at 39 Benoi Road, to be completed by end July 2017
- **The Board recommended a first and final cash dividend of S$0.006 per share**

FYE 31 May (S$'000)	FY2016	FY2015	YoY Change
Revenue	36,873	36,200	+ 1.9%
Gross profit	9,716	9,235	+ 5.2%
Profit/(loss) before tax	7,241	(4,105)	N.M.
Net profit/(loss) attributable to shareholders	5,709	(3,821)	N.M.

Note: N.M. denotes not meaningful.

SINGAPORE, 27 July 2016 – GKE Corporation Limited (锦佳集团有限公司), together with its subsidiaries ("**GKE**" or the "**Group**"), a leading integrated warehousing and logistics solutions provider, today announced that it has registered a marginal increase in revenue to S$36.9 million for its financial year ended 31 May 2016 ("FY2016") amid weaker economic conditions. The core warehousing & logistics business segment was strengthened with the six-month contribution from the profitable and newly acquired marine logistics and chemical warehouse operator, Marquis Services Pte Ltd ("Marquis Services").

Gross profit grew 5.2% from S$9.2 million in FY2015 to S$9.7 million in FY2016 as a results of better cost management with the integration of Marquis Services to the Group. Gross margin improved marginally from 25.5% in FY2015 to 26.3% in FY2016.

The set of improved results mainly stemmed from the significant increase in Other Income from S$1.0 million in FY2015 to S$15.7 million in FY2016. The Group unlocked the value of its assets – (i) disposal of its subsidiary Ever Flourish Development (HK) Co., Ltd that owns 40% stake in Maoming City Hung Ji Construction Materials Co., Ltd which was primarily involved in ready-mix concrete business, and (ii) the sale of 30 Pioneer Road property during the financial year. This resulted in an aggregate net gain of S$14.9 million for the Group.

Overall operating expenses increased by 22.9% from S$12.5 million in FY2015 to S$15.4 million in FY2016, was mainly due to the S$3.9 million provision of impairment of investment in the 49%-owned GKE Metal Logistics Pte Ltd ("GKE Metal").

The Group recorded a loss of S$0.5 million from its share of results from associates which was due from GKE Metal as a result of a weaker commodity market, as well as a loss of S$0.2 million from its share of results from joint venture due to the pre-operating administrative expenses and finance charges incurred for the construction of the liquefied gas carrier vessel.

The Group achieved a net profit attributable to shareholders of S$5.7 million in FY2016, a reversal from a net loss of S$3.8 million in FY2015.

Commenting on the results, Mr. Neo Cheow Hui (梁鹏飞), CEO and Executive Director of GKE said, "The uncertainties of the global economy have given us both challenges and opportunities. This set of results was largely contributed by the Group's warehousing and logistics business segment, with positive contribution from Marquis Services. The resources unlocked from our assets, particularly from Maoming and 30 Pioneer Road property, allow the Group to seize opportunities to embark on the new phases of growth – reinvestment of proceeds into our wholly-owned ready-mix concrete plant in Wuzhou, China, and partial deployment of sale proceeds for the redevelopment of 39 Benoi Road property."

Net asset value increased from S$77.8 million as at 31 May 2015 to S$85.0 million as at 31 May 2016, while net debt to equity ratio reduced from 0.68x to 0.24x, respectively. The Group repurchased 8.3 million shares via share buyback during the financial year. Based on 632,741,890 shares, the net asset value per share increased from 12.14 Singapore cents at end May 2015 to 13.43 Singapore cents at end May 2016.

The Board is recommending a first and final dividend of S$0.006 per share to reward its shareholders, subject to the approval of Shareholders at the annual general meeting.

Business Prospects

The Group remains cautious of its business outlook amid the uncertainties in the global economy, and expects the operating environment in Singapore to remain challenging with inflationary cost pressures and labour crunch.

Mr. Neo added, "Our initiatives to streamline the less-performing businesses, unlock resources from our assets, and expand into strategic ones to diversify and strengthen our earnings base is steering the Group back on track to profitability. While we continue to leverage on our core warehousing and logistics business, we also expect our two strategic investments – the liquefied gas carrier vessel and the ready-mix concrete plant, to contribute positively to the Group in the new financial year. We will continue to monitor closely over our investments and expand prudently to strengthen our fundamentals for long term sustainable growth."

The Group has recently announced the award of contract for the redevelopment of its 39 Benoi Road property, which will commence construction on 1 August 2016 and is expected to be completed by July 2017. Upon completion of the redevelopment of 39 Benoi Road property, it will boost the Group's total warehousing space by approximately 20% to 1.2 million sqft and an aggregate open yard storage space of 328,000 sqft.

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This news release is to be read in conjunction with the Company's announcement posted on the SGX website on 27 July 2016.

*This News 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 News Release.*

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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**" or together with its subsidiaries, the "**Group**") is a leading integrated warehousing and logistics solutions provider offering one-stop, door-to-door multi-modal solutions for supply chain management. The business activities of GKE 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 recently expanded its capabilities into marine logistics and chemical warehousing with the acquisition of a 70% stake in Marquis Services Pte Ltd.

The Group's strategic investments include its marine and shipping logistics business through a 50% joint venture, Ocean Latitude Limited, has constructed an 83,000m^3 liquefied gas carrier vessel to ride on the demand for liquefied gas as a cleaner fuel for industrial and domestic uses. The 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 and construction sector 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.

Issued for and on behalf of **GKE CORPORATION LIMITED** by:

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