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

GKE CORPORATION NARROWS NET LOSS BY 47.5% TO S$3.1 MILLION IN FY2015

- **Gross margin improved to 25.5% in FY2015 on the back of higher revenue and effective cost management**
- **On track in streamlining businesses to focus on synergistic and sustainable growth for the Group**

SINGAPORE, 30 July 2015 – **GKE Corporation Limited** (锦佳集团有限公司), together with its subsidiaries ("**GKE**" or the "**Group**"), a leading integrated logistics solutions provider, today announced it has narrowed net loss attributable to shareholders by 47.5% to S$3.1 million for the financial year ended 31 May 2015 ("**FY2015**") on the back of higher revenue, better operational efficiency and effective cost management. Revenue for the year came in 15.4% higher than FY2014, at S$36.2 million. The growth was mainly due to increased volume handled by its local transportation services and higher revenue generated from its three key warehouses located at 30 Pioneer Road and 6 Pioneer Walk in Singapore, and in Yangshan, China.

Commenting on the results, **Mr. Neo Cheow Hui (梁昭辉), Chief Executive Officer and Executive Director of GKE** said, "**Amid the uncertainties in the macro business environment and the difficulties in recruitment due to the manpower regulations, the Group has tapped on the knowledge and the areas of expertise of its Board of Directors to streamline its businesses and investments to focus on synergistic businesses that would create sustainable growth for the Group in the long term.**"

In tandem with the growth in revenue, gross profit grew by 44.6% year-on-year from S$6.4 million in FY2014 to S$9.2 million in FY2015, as gross margin improved from 20.4% in FY2014 to 25.5% in FY2015. This was attributed to better cost management.

Marketing and distribution and administrative expenses decrease mainly due to non-recurring expenses that were incurred in FY2014, which included advertising and entertainment expenses as well as legal and professional fees in relation to the Group's acquisition and corporate activities.

The Group's net loss attributable to shareholders in FY2015 narrowed by 47.5% from S$5.9 million in FY2014 to S$3.1 million in FY2015. Loss per share was reduced from 1.26 Singapore cents to 0.63 Singapore cents.

During the year, the Group completed a Rights Issue, which was fully subscribed with valid and excess applications representing approximately 116.6% of the total number of Right Shares available for subscription. Total net proceeds of S$12.6 million was raised. As stated in the Offer Information Statement, the Company intends to use the proceeds for (i) the payment to construct a 83,000 cubic metres (m^3) liquid natural gas ("LNG") carrier vessel under the Group's joint venture investment in Steadfast (HK) Co., Limited for chartering, (ii) reduce the Group's borrowings; and (iii) working capital purposes. The Group has announced on 26 June 2015 on the use of net proceeds from the Rights Issue and stated that S$4.48 million out of the S$12.6 million was used for the construction of the carrier vessel leaving a balance of S$8.12 million. The Group will make further announcements via SGXNet as and when the net proceeds from the Rights Issue are materially disbursed.

Mr. Neo added, "**We are appreciative of our shareholders' support with the overwhelming subscription for our Rights Issue. We are seeing our initiatives and efforts take shape and we will continue to manage the businesses prudently to create greater value for our shareholders.**"

The Group's net asset value as at 31 May 2015 increased to S$78.5 million from S$67.5 million, largely lifted by the Rights Issue. This helped the Group increase its cash and cash equivalents to S$18.4 million as at end FY2015, up from S$5.3 million as at end FY2014. Net asset value per share as at end FY2015 was 12.25 Singapore cents.

Business Outlook

In spite of the demand for logistics services, uncertainties in the global economy may continue to place pressure on the logistics industry. Inflationary pressures and the challenges with recruiting manpower amid the tight labour market are likely to remain. Nonetheless, the Group believes that there are still opportunities for business expansion within the logistics industry. GKE remains on the lookout for strategic opportunities that can help grow the business further. The Group will continue to monitor its operations closely and work towards enhancing its operational efficiency, while driving its businesses forward.

The Group recently announced a memorandum of understanding with Viva Industrial Trust Management Pte. Ltd. for the proposed sale-and-leaseback of its property at 30 Pioneer Road, Singapore ("**Proposed Disposal**"). The Proposed Disposal is currently undergoing property due diligence. It will update shareholders on the developments as and when appropriate.

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This news release is to be read in conjunction with the Company's announcement posted on the SGX website on 30 July 2015.

*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.*

This News 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 News Release, including the correctness of any of the statements or opinions made or reports contained in this News Release.

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ABOUT GKE CORPORATION LIMITED

(Stock Codes – SGX: 595 | Bloomberg: GKEC SP | 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 logistics solutions provider offering one-stop, door-to-door multi-modal solutions for supply chain management. The business activities of GKE can be divided into three distinctive segments: (i) third party logistics, (ii) shipping logistics, and (iii) infrastructural logistics.

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 logistics business under the "GKE" brand name. It provides integrated and comprehensive logistics services which can be classified into non-ferrous metal storage, general warehousing, conventional transportation, container trucking, project logistics as well as international multi-modal sea and air freight forwarding services. It is also an approved London Metal Exchange non-ferrous warehouse operator.

GKE started its shipping logistics business, through a 50% joint venture which has entered into a shipbuilding contract to construct a 83,000 cubic metres (m^3) liquid natural gas ("LNG") carrier vessel, to leverage on the potential of natural gas as a cleaner fuel for power generation. The vessel is a 53,800 deadweight tonnes LNG carrier registered under Lloyds Register of Shipping. The vessel is expected to be completed by year 2016.

The Group's infrastructural logistics business is carried out through its wholly-owned subsidiary and an associated company. Both companies are primarily engaged in the manufacturing of environmentally-friendly lightweight bricks, building materials and cement products for supply to the domestic construction industry of the People's Republic of China.

For more information, please visit the company website at www.gke.com.sg

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