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

GKE TAPERS NET LOSS BY 75% TO S$0.1 MILLION IN 1QFY2016

- **Strategy to streamline business pays off as losses narrow by 74.9%, despite lower revenue**
- **Gross margin improved to 25.5% on effective cost management**
- **On track to strengthen earnings base with strategic investments taking shape**

SINGAPORE, 14 October 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 that it has tapered its net loss attributable to shareholders by 74.9% to S$0.1 million for the three-month period ending 31 August 2015 ("**1QFY2016**"), despite a 9.8% decline in revenue to S$8.7 million for the quarter. The decline in revenue was mainly attributable to the cessation of the business operations of GKE & Mohseng Pte Ltd, the disposal of GKE Air Logistics Pte Ltd, as well as a decrease in business volume handled by its local transportation services and freight services. The improved results was achieved on the back of better operational efficiencies.

Commenting on the results, **Mr. Neo Cheow Hui (梁昭辉), Chief Executive Officer and Executive Director of GKE** said, **"We are on track to strengthen the Group through two growth engines – (i) our core warehousing and logistics business and (ii) strategic investments. Our efforts in consolidating and streamlining the logistics business as well as making strategic investments have shown the desired results despite the challenging business environment. The Group will continue to harness the expertise of its Board of Directors to build synergistic businesses to create sustainable growth for the Group in the long term."**

In line with the decline in revenue, gross profit dipped by 6.3% from S$2.4 million in 1QFY2015 to S$2.2 million in 1QFY2016. However, with effective cost management, gross margin improved from 24.5% in 1QFY2015 to 25.5% in 1QFY2016. Other income increased from S$24,000 in 1QFY2015 to S$0.3 million in 1QFY2016, mainly due to a gain from the disposal of property, plant and equipment and a foreign exchange gain.

The Group's overall operating expenses decreased by 9.3% in 1QFY2016 as compared with 1QFY2015 as it had incurred lower marketing and distribution costs and administrative expenses, due to fewer marketing activities for its warehouses and fewer corporate activities. This was however, partially offset by higher finance costs which was a result of higher interest rates and borrowings undertaken for working capital purposes.

As a result, the Group's net loss attributable to shareholders in 1QFY2016 improved by 74.9% to S$0.1 million, from a net loss of S$0.4 million in 1QFY2015. Loss per share was reduced from 0.09 Singapore cent to 0.02 Singapore cent.

The Group's net asset as at 31 August 2015 was S$78.3 million, compared to S$77.8 million as at 31 May 2015. Its net debt to equity ratio as at 31 August 2015 was 0.7x while its net asset value per share was 12.21 Singapore cents.

Business Outlook

The Group is cautiously optimistic on the outlook amid the weak global economic conditions and the keen competitive landscape of the local logistics industry. Inflationary cost pressures as well as labour crunch are also likely to weigh on the Group's performance. Nevertheless, the Group remains committed to managing its operations in a prudent and efficient manner.

While its core warehousing and logistics business remaining as the Group's main earnings stream, the Group's earlier strategic investments: (i) joint venture in the construction of an 83,000m^3 liquefied gas carrier vessel, and (ii) the construction of a cement mixing factory in Wuzhou, are on track to enhance the Group's earnings base in the future.

The Group recently announced that it has disposed its 40% stake in Maoming City Hung Ji Construction Materials Co., Ltd ("Maoming") for a consideration of RMB15 million

(approximately S$3.3 million), which nets a gain of S$1.2 million. This allows the Group to better focus on its wholly-owned subsidiary, Wuzhou Xing Jian Ready-Mix Co., Ltd (梧州市星建混凝土有限公司) which has leveraged on the experience gained in Maoming to engage in the manufacturing and supply of cement products. Construction of its cement mixing factory is underway with completion and commercialization expected by end of 2015.

While its earlier investments are taking shape, the Group continues to seek out for viable strategic investments to further strengthen its earnings base.

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This news release is to be read in conjunction with the Company's announcement posted on the SGX website on 14 October 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.*

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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 classified into two broad categories: (i) third party 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 logistics business under the "**GKE**" brand name. It provides total integrated and comprehensive logistics solutions and services that include general warehousing, 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 an approved London Metal Exchange ("LME") non-ferrous warehouse operator.

The Group's strategic investments include its shipping logistics business through a 50% joint venture which has entered into a shipbuilding contract to construct an 83,000m^3 liquefied gas 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 liquefied gas carrier registered under Lloyds Register of Shipping. The vessel is expected to be completed by 2016.

Another strategic investment is the infrastructure materials business. This business is carried out through its wholly-owned subsidiary, Wuzhou Xing Jian Readymix Co., Ltd. (梧州市星建混凝土有限公司) which is primarily engaged in the manufacturing and supplying of cement products to the domestic construction sector of the People's Republic of China (the "PRC").

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

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