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

GKE TURNAROUNDS WITH S$0.3 MILLION NET PROFIT IN 1H FY16

- **Net profit was lifted by gains from disposal as the Group continues to streamline and consolidate its businesses to enhance its competitiveness and efficiencies**
- **Newly acquired marine logistics and chemical warehousing capabilities to further expand the Group's range of services with immediate earnings contribution**

SINGAPORE, 14 January 2016 – **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 turnaround and achieved a net profit attributable to shareholders of S$0.3 million for the six-month period ending 30 November 2015 ("**1H FY16**"). This was despite a 10.5% decline in revenue to S$16.9 million for the period, following the cessation of the business operations of GKE & Mohseng Pte Ltd, the disposal of GKE Air Logistics Pte Ltd ("**GKE Air**"), and lower business volume handled by its local operations.

In line with the decline in revenue, gross profit dipped by 12.1% from S$4.8 million in 1H FY15 to S$4.2 million in 1H FY16. Gross margin was marginally lower at 24.8% in 1H FY16, compared with 25.3% in 1H FY15.

The improved results was mainly due to a surge in other income from S$0.1 million in 1H FY15 to S$1.7 million in 1H FY16. The Group divested 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 cement ready-mix business, for a consideration of RM15 million (approximately S$3.3 million). This disposal resulted in a net gain of S$1.2 million.

Overall operating expenses decreased by 3.0% to S$5.5 million in 1H FY16 over the last corresponding period, on lower staff costs following the disposal of GKE Air and lower impairment of available-for-sale investments. This was, however, offset by the loss recorded from its share of results of associates and joint venture. Due to a weaker commodity market and the administrative expenses incurred by its 50%-owned joint venture company, Steadfast (HK) Co., Ltd, the Group recorded a loss of S$152,000 from associates and joint venture in 1H FY16, compared with a profit of S$186,000 in 1H FY15.

The Group achieved a net profit attributable to shareholders of S$0.3 million in 1H FY16, a reversal from the net loss of S$0.6 million in 1H FY15.

Commenting on the results, **Mr. Neo Cheow Hui (梁昭辉), CEO and Executive Director of GKE** said, "**While the Group is working on broadening its earnings base with two earlier strategic investments – (i) liquefied gas carrier vessel and (ii) ready-mix cement plant, it is also working concurrently to consolidate and streamline its existing warehousing and logistics business operations, to enhance its competitiveness and efficiencies. The challenging business environment has also presented opportunities for the Group to free up resources from its less-performing assets and businesses, to focus on strengthening its fundamentals for sustainable growth in the long term.**"

Net asset position of S$78.7 million as at 30 November 2015 was higher as compared to S$77.8 million as at 31 May 2015, with its net debt to equity ratio standing at 0.7x. Based on 641,125,290 shares, net asset value per share increased from 12.14 Singapore cents at end May 2015 to 12.27 Singapore cents at end November 2015.

Business Outlook

The Group remains cautiously optimistic amid the slowdown in the industries and uncertainties of the global economic environment which continue to undermine the business activities.

Keeping in mind its commitment to manage its operations in a prudent and efficient manner, the Group has been taking steps to enhance its competitiveness and efficiencies in the highly competitive local logistics industry. Its recent acquisition of a

70% stake in Marquis Services Pte Ltd ("**Marquis**"), marked its foray into marine logistics and chemical warehousing.

Added Mr. Neo, "**The merger with Marquis will not only see immediate earnings contribution, but also an expansion of our core capabilities to offer a wider range of third party warehousing and logistics solutions and services to a more diverse group of industries. This would further strengthen the Group's position in the warehousing and logistics industry, and enhance its profitability. In addition, our earlier strategic investments are progressing on track.**"

Through its 50% joint venture company, Steadfast (HK) Co., Limited, the Group recently completed the construction of its 83,000m^3 liquefied gas carrier vessel that is expected to be delivered by end FY2016 after completion of the sea trial. The Group is also currently in negotiations to secure a bareboat chartering contract for the vessel.

The Group's wholly-owned subsidiary, Wuzhou Xing Jian Readymix Co., Ltd., has also recently completed the construction of the ready-mix cement plant and office facilities at end December 2015. It will commence trial production for its ready-mix cement products early this year.

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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 January 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 | 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 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 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 ride on the demand for liquefied gas as a cleaner fuel for industrial and domestic uses. 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. (梧州星建混凝土有限公司) which is primarily engaged in the manufacturing and supplying of ready-mix 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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