

## GKE's Infrastructural Materials and Services Division creates stable and sustainable income stream from limestone mining

- wholly-owned subsidiary, Wuzhou Xing Jian, obtained mining rights for the mining of limestone for 9.5 years in Cangwu County, China
  - ▶ to perform mining activities through joint venture partners to produce up to 500,000 tonnes of limestone per annum
  - ▶ to receive fixed income of RMB3 per tonne of limestone produced and sold
- Group expects stable and sustainable income contribution upon the commencement of mining activities

**FOR IMMEDIATE RELEASE**

SINGAPORE, 31 May 2019 – GKE Corporation Limited 锦佳集团 (“GKE”, and together with its subsidiaries, the “Group”), announced that its wholly-owned subsidiary, Wuzhou Xing Jian Readymix Co., Ltd. 梧州星建混凝土有限公司 (“Wuzhou Xing Jian”), which is primarily engaged in the manufacture and supply of ready-mix concrete products, has successfully obtained mining rights from the municipal land authority of Cangwu County, China, for the mining and production of up to 500,000 tonnes per annum of limestone for 9.5 years at a consideration of RMB5.05 million (approximately S\$1.01 million).



Limestone is a sedimentary rock composed primarily of calcium carbonate ( $\text{CaCO}_3$ ) in the form of mineral calcite. It is a compound with an enormous diversity of uses. Most limestone is made into crushed stone and used as construction materials, which can be used as road base, railroad ballast, sewage disposal systems, concrete, and cement. Powdered limestone is used as fillers in paper, paint, rubber and plastics.

To monetise the mining rights of the limestone mine, Wuzhou Xing Jian formed a strategic joint venture with Cangwu County Wanfu Trading Co., Ltd. 苍梧县万福贸易有限公司 (“Cangwu Wanfu”) and Wuzhou Xing Zhan Investment Co., Ltd. 梧州市星展投资有限公司 (“Wuzhou Xing Zhan”) to participate in the mining and production of limestone products (the “Mining JV”).

In this collaboration, Wuzhou Xing Jian shall hold 18% of the Mining JV after transferring its mining rights to the Mining JV for the partners to carry out the mining and production of limestone products, and contributing RMB540,000 (approximately S\$107,637) to the paid-up capital of the Mining JV. Cangwu Wanfu which shall be entitled to 25% of the shareholding in the Mining JV, will provide the land use rights for two pieces of land. The land has an aggregate land area of approximately 1,622.1 mu (approximately 1,081,400 square metre) and will be used for the proposed mining activities. The single largest shareholder of the Mining JV, Wuzhou Xing Zhan, which shall hold 57%, will contribute RMB22 million (approximately S\$4.4 million) in milestone tranches to allow Cangwu Wanfu to develop and construct the necessary infrastructure and equipment at the mine site to support the commencement of the mining and production activities. Both Cangwu Wanfu and Wuzhou Xing Zhan will also contribute their portions to the paid-up capital according to their respective shareholdings in the Mining JV.

In a separate agreement with Wuzhou Xing Zhan, Wuzhou Xing Jian shall be entitled to receive a fixed income of RMB3 per tonne of output produced and sold with a 15% increase every three years. This agreement is valid for the duration of the mining rights or until the completion of the aggregate output quota of 4.75 million tonnes of limestone (“Phase 1”), whichever is earlier. The collaboration of the Mining JV will continue upon successful extension of the mining rights (“Phase 2”) and subsequently, the current terms with Wuzhou Xing Jian shall be subject to renegotiation.

Said Mr. Neo Cheow Hui (梁鹏飞), CEO and Executive Director of GKE, **“We are heartened to have this opportunity to extend our infrastructural materials operations upstream into mining through this collaboration. While we are focused on steering the Group back to profitability, we are mindful of not committing excessive resources.**

**Phase 1 of this collaboration will limit our capital commitment to the cost of the mining rights and our portion to the paid-up capital, amounting to approximately S\$1.12 million. In return, the Group is to receive a stable and sustainable income contribution from the joint venture compounded based on the aggregate output quota and the agreed fixed income per tonne. We believe that this joint venture will be an added booster to our net earnings once mining commences.**

**As limestone is one of the key feedstocks for ready-mix concrete manufacturing, our participation in limestone mining could further enhance our competitive edge in the cities where we operate. We believe that the Group is well placed to compete effectively as urbanisation plans continue to roll out in the less developed areas of China.”**

The mine site is located approximately 30 kilometres from Wuzhou Xing Jian's ready-mix concrete manufacturing plant. The Group believes that this proposed mining project could be a secured source of limestone for its manufacturing in the event of supply shortage amid the increasing construction projects in China.



*Wuzhou Xing Jian Ready-mix Concrete Manufacturing Facility*

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**Note:** This media release is to be read in conjunction with the Company's announcement on the SGX website on the same date.

**ABOUT GKE CORPORATION LIMITED**

(Stock Codes – SGX: 595 | Bloomberg: GKEC SP | Thomson Reuters: GKEC.SI)

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**GKE Corporation Limited** (锦佳集团有限公司) (“**GKE**” and together with its subsidiaries or 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. The business activities of GKE can be classified into two broad categories: (i) warehousing & logistics, and (ii) strategic investments.

The Group’s facilities hosts 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.

GKE operates its third-party warehousing & logistics business under the “**GKE**”, “**Marquis**” and “**TNS**” brand names. The Group provides total integrated and comprehensive warehousing & logistics solutions and services that include general warehousing, dangerous goods cargo storage (Class 2 and 3), conventional transportation, container trucking, project logistics, international multi-modal sea and air freight forwarding services. It has expanded its capabilities into marine logistics and chemical warehousing through its 70% stake in Marquis Services Pte Ltd, and extended its logistics services through its wholly-owned TNS Ocean Lines (S) Pte Ltd, an established port operations and maritime logistics service provider, to enhance its logistics value chain as port operations are the first and last landing points for the import and export of goods.

The Group’s strategic investment includes 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 manufacture and supply of ready-mix concrete products to the domestic infrastructural and real estate sector in Wuzhou City, China. The ready-mix concrete manufacturing plant of Wuzhou Xing Jian commenced commercial production in June 2016.

For more information, please visit the company website at [www.gke.com.sg](http://www.gke.com.sg).

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

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*This media 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 media release.*

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