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

NEWS RELEASE

GKE POSTS S$0.4 MILLION NET LOSS FOR FP2016

- Maiden contribution from the recently acquired chemical warehouse operator, Marquis Services, mitigates the adverse impact from the slowdown in the business macro environment
- Gross profit margin improved marginally to 25.9% despite lower revenue and gross profit
- GKE Group is poised to strengthen its earnings base with its strategic investments in place for contributions

FYE 31 May (S$'000)	FP2016	FP2015	YoY Change
Revenue	26,171	27,667	-5.4%
Gross Profit	6,782	6,948	-2.4%
Loss before tax	(282)	(1,996)	-85.9%
Net loss attributable to shareholders	(409)	(1,770)	-76.9%

Note: FP denotes financial period for the nine months ended 29 February 2016.

SINGAPORE, 14 April 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 registered a 5.4% decline in revenue to S$26.2 million and narrowed its net loss attributable to shareholders to S$0.4 million for the nine months ended 29 February 2016 ("**FP2016**").

Commenting on the results, Mr. Neo Cheow Hui (梁鹏飞), CEO and Executive Director of GKE said, "The Group's effort in streamlining and expanding its businesses to diversify and strengthen the earnings base, is paying off amid the challenging business environment. The contributions to the current set of results were largely from the Group's warehousing and logistics business division with positive maiden contribution from the newly acquired chemical warehousing & logistics player, Marquis Services. We are prudently optimistic that the Group's two strategic investments – (i) liquefied gas carrier vessel which has entered into a chartering contract starting mid-April 2016, and (ii) the ready-mix cement plant in Wuzhou, China, which has commenced trial

production, will contribute positively to the Group in the coming quarters. The Group remains committed to strengthen its earnings base for stable and sustainable growth in the long term."

Performance Review

Amid the slowdown in the domestic economy, the volume of freight and general cargoes handled by the Group's logistics business division was adversely affected although the Group maintained above 90% occupancy for its warehouses. For the nine months, the Group's revenue decreased by 5.4% from S$27.7 million in FP2015 to S$26.2 million in FP2016, partially lifted by contributions from the newly acquired subsidiary, Marquis Services Pte Ltd ("Marquis").

In tandem with the decline in revenue, cost of sales decreased by 6.4% from S$20.7 million in FP2015 to S$19.4 million in FP2016. Gross profit margin, however, improved marginally from 25.1% in FP2015 to 25.9% in FP2016.

Other income increased from S$0.1 million in FP2015 to S$1.6 million in FP2016. The significant increase was mainly due to the S$1.2 million gain on disposal of Everflourish Development (HK) Co., Ltd and its associate, Maoming City Hung Ji Construction Materials Co., Ltd – an earlier investment in ready-mix cement plant by the Group in Maoming City, China.

As a result of the Group's effort in streamlining its non-performing businesses and cost management, operating expenses which include marketing and distribution, and administrative expenses, decreased by 21.6% from S$8.6 million in FP2015 to S$6.7 million in FP2016.

Finance costs increased by 23.3% from S$1.3 million in FP2015 to S$1.6 million in FP2016 on the back of higher interest rates, higher borrowings undertaken for working capital purposes, and purchase of cement mixer trucks for its wholly-owned ready-mix cement operations in Wuzhou, China.

Against the backdrop of the weak commodity market during the financial period, the Group recorded a loss of S$0.4 million in FP2016 from its share of results of associates, compared with a profit of S$0.1 million in FP2015. The loss mainly stemmed from GKE Metal Logistics Pte Ltd.

Taking into account the income tax expense of S$53,000, the Group narrowed its net loss attributable to shareholders by 76.9% from S$1.8 million in FP2015 to S$0.4 million in FP2016.

Business Prospects

The Group expects the macro business environment to remain challenging amid the volatility in both the domestic and global business environment, intense competition, inflationary cost pressures and labour crunch, which will impact on the operating performance of the Group.

Mr. Neo added, "While the Group continues to strengthen its operational efficiency to enhance its competitiveness to overcome the challenges, the Group is also monitoring its progress closely on the results of its strategic investments – the liquefied gas carrier vessel and the ready-mix cement plant in Wuzhou, China, as well as the redevelopment of 39 Benoi Road property. The Group will also continue to keep a lookout for viable strategic business opportunities to broaden its earnings base."

The Group has recently announced the receipt of official approval on the lease extension of its 39 Benoi Road property, which will facilitate the completion of the sale and leaseback of 30 Pioneer Road as well as the commencement on the redevelopment of 39 Benoi Road property. 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. The Group will update the shareholders on these developments as and when appropriate.

The Group has also secured its maiden chartering contract for the liquefied gas carrier vessel at a gross rate of US$33,000 per day for six months from mid-April 2016, with an option to extend for an additional six months. The Group does not expect the contribution from this 50% joint venture to be significant for this financial year ending 31 May 2016.

~~ End ~~

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

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.

The contact person for the Sponsor is Ms. Amanda Chen (Telephone no.: (65) 6381 6757) at Six Battery Road, #10-01 Singapore 049909.

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 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 marine and shipping logistics business through a 50% joint venture, Ocean Latitude Limited, which it has completed the construction of the 83,000m^3 liquefied gas carrier vessel and entered into a chartering contract. The vessel will be deployed to the Middle East and Far East regions.

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-mixed cement products to the domestic construction sector of the People's Republic of China.

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

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

EQUITIQUE COMMUNICATIONS 远璟财经通讯

For more information, please contact:

Ms. Rosalina Soh
Office: (65) 6221 8332
Email: rosalina.soh@eqtq.com.sg