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

RESPONSE TO QUESTIONS FROM SHAREHOLDERS

The Board of Directors ("**Board**") of GKE Corporation Limited ("**Company**" or "**GKE**", and together with its subsidiaries, the "**Group**") refers to the following:

(a) the annual report of the Company for the financial year ended 31 May 2020 ("**FY2020**");
(b) the notice of annual general meeting ("**AGM**") issued on 7 September 2020 informing the shareholders of the Company that the AGM will be convened and held by way of electronic means on 25 September 2020 at 10.00 a.m.; and
(c) the accompanying announcement in relation to the AGM ("**AGM Announcement**").

In addition, the Company would like to thank shareholders for their co-operation in submitting their queries in accordance to the deadline set out in the AGM Announcement. The Company has set out its responses to the relevant questions in this announcement.

BY ORDER OF THE BOARD

Neo Cheow Hui
Chief Executive Officer and Executive Director
23 September 2020

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The details of the contact person for the Sponsor are:

Name: Mr. Lay Shi Wei (Registered Professional, RHT Capital Pte. Ltd.)
Address: 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619,
Tel: 6381 6966

Shareholder Question 1:

3PL segment profit was negative in FY2019 and low at S$0.2 million in FY2020 if S$1.6 million grant income from government is excluded. Any plans to improve profitability?

Company's Response to Shareholder Question 1

The performance of our third party logistics ("3PL") business segment has improved significantly from a loss of S$2.9 million in FY2019 to a profit of S$1.8 million in FY2020, inclusive of the grants received in both years. At that same time, the grant income from government has increased by S$1.2 million from FY2019 to FY2020 mainly due to the government support measures in connection with COVID-19. Going forward, the Group is looking to continue to improve our 3PL business performance by: (i) fine tuning our customer mix; (ii) looking to reduce our rental cost in respect of our existing properties; (iii) automating our processes to further improve efficiencies; and (iv) investing on storage system to improve the space utilisation. Further, as announced on 9 September 2020, the Group expects that the proposed sale of our shareholding in Van Der Horst Logistics Limited ("VDH") will improve the Group's profitability if the transaction proceeds to completion because the Group will no longer consolidate the losses of VDH and expects to recognise a net gain from the sale.

Shareholder Question 2

Tax expense for the Group is 42.7% of profit before tax in FY2020. Is this mainly due to taxes (including withholding tax) from subsidiary in China?

Company's Response to Shareholder Question 2

The majority of the Group's tax expenses in FY2020 arise from our operations in China.

Shareholder Question 3

Can a breakdown of the type of taxes and corresponding rates applied in FY2020 and FY2019 be provided for China operations?

Company's Response to Shareholder Question 3

In China, the Group is paying various value added taxes and income taxes which are approximately 3.4% and 25% respectively. The rates are approximately the same for FY2020 and FY2019.

Shareholder Question 4

When would Cenxi Haoyi Recycling and Wuzhou Zi Wang Quarry turn operational?

Company's Response to Shareholder Question 4

Based on the information that the Group currently has, the Group is currently anticipating that Cenxi Haoyi Recycling Co., Ltd ("Cenxi Haoyi Recycling") and Wuzhou Zi Wang Quarry Co., Ltd ("Wuzhou Zi Wang Quarry") shall commence operations by the end of calendar year 2020. However, as with any forward-looking statements, such anticipated timing is subject to certain assumptions, risks and uncertainties and may accordingly be subject to change.

Shareholder Question 5

What are the expected timelines for ventures in recycling and mining to turn profitable, where failing which, additional capital may be required?

Company's Response to Shareholder Question 5

Cenxi Haoyi Recycling is an associate of the Group. As we are only expecting Cenxi Haoyi Recycling to turn operational at the end of calendar year 2020, it is currently too early for the Group to comment on when the company will turn profitable and whether additional capital will be required.

For Wuzhou Zi Wang Quarry, as disclosed in our announcement dated 31 May 2019, the arrangement that the Group has entered into is such that, once mining and sales has commenced, the Group expects that it will receive a fixed fee per tonne of output produced and sold with no additional material expenses currently expected to be incurred by the Group.

Shareholder Question 6

Will Wuzhou Xing Jian be actively involved in strategic or operational decision-making in Cenxi Haoyi Recycling and Wuzhou Zi Wang Quarry?

Company's Response to Shareholder Question 6

As the Group is a minority shareholder in both companies, the strategic or operational decision-making will be largely driven by the majority shareholders.

In respect of Cenxi Haoyi Recycling, we have the right to nominate a board director and our Executive Chairman, Mr Chen Yong Hua, is the majority shareholder of Cenxi Haoyi Recycling.

In respect of Wuzhou Zi Wang Quarry, the Group's arrangement is to receive a fixed fee per tonne of output produced and sold with no additional material expenses currently expected to be incurred by the Group.

Shareholder Question 7

1) What is annual production volume of Wuzhou XingJian plant for 2020 & 2019?
2) What is the utilisation rate of 39 Benoi Rd warehouse space for 2020 & 2019?

Company's Response to Shareholder Question 7

The annual production volume of our Wuzhou Xingjian plant for FY2020 and FY2019 is approximately 370,000 cubic metre and 260,000 cubic metre respectively.

The utilization rate of the 39 Benoi Road warehouse space for FY2020 and FY2019 is approximately 92% and 77% respectively.

Shareholder Question 8

Please verify Mr. Chen Jiang Nan current position in the company. Is there a family relationship between Mr. Chen Yong Hua and Mdm Qian Wen Hua?

Company's Response to Shareholder Question 8

Mr. Chen Jiang Nan is currently overseeing the procurement and human resources functions of the 3PL segment. In addition, he is assisting to liaise with our operations in China.

There is no family relationship between Mr. Chen Yong Hua and Ms. Qian Wen Hua.

Shareholder Question 9

With reference to your SGX announcement dated 9 September 2019, please let us know the status of the 29,166,667 (PG Moratorium shares).

Company's Response to Shareholder Question 9

All the relevant shares have been sold on Singapore Exchange Securities Trading Limited.

Shareholder Question 10

Has the Group received any unsolicited inquiry or offer to purchase its warehouses or logistics business?

Company's Response to Shareholder Question 10

The Company has not received any such unsolicited inquiry or offer as at the time of this response.