



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

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- (I) **SALE OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL IN G-CHEM LOGISTICS PTE. LTD.**
 - (II) **PURCHASE OF DRUMMING MACHINERY FROM G-CHEM LOGISTICS PTE. LTD.**
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1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**”) of GKE Corporation Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refer to the announcements dated 13 September 2017 and 21 December 2017, on the entry into the Investment and Shareholders’ Agreement (the “**SHA**”) with G-Chem Logistics Pte Ltd (“**G-Chem**”), Kleio One-Solution Pte. Ltd. (“**Kleio**”), Lin Duanliang (“**LDL**”) and Lim Song Wang (“**LSW**”). Unless otherwise defined, all capitalised terms used in this Announcement shall bear the same meaning as in the Company’s announcements dated 13 September 2017 and 21 December 2017.
- 1.2 The Board wishes to update Shareholders that in view that G-Chem is not generating profits in line with the expectations of the Group due to sales and revenues of G-Chem being lower than anticipated, the Company has decided not to proceed with the proposed joint venture as set out in the SHA, and instead, to take the opportunity to dispose the entire issued shares consisting of 1 ordinary share, representing 100% of the issued and paid-up share capital in G-Chem (the “**Sale Shares**”) to Kleio pursuant to a sale and purchase agreement dated 14 June 2019 (the “**G-Chem SPA**”) entered into between the Company, Kleio, LDL and LSW (the “**Disposal**”).
- 1.3 In connection with the Disposal, the Company has also entered into a sale and purchase agreement dated 14 June 2019 with, *inter alia*, G-Chem (as vendor) (the “**Drumming SPA**”) for the proposed acquisition by the Company of one (1) unit of used semi-auto ex-proof pallet drum/ IBC filling line (model: ADF-3-4P-TS-EX) (motorised) (the “**Drumming Machinery**”) free from all encumbrances on the terms and conditions set out therein.

All relative figures of the acquisition of the Drumming Machinery computed pursuant to Rule 1006 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**Catalist Rules**”) are less than 5% and accordingly, the acquisition of the Drumming Machinery constitutes a “Non-Discloseable Transaction” under Chapter 10 of the Catalist Rules.

2. INFORMATION ON KLEIO AND G-CHEM

- 2.1 G-Chem was incorporated on 13 September 2017 in Singapore with an issued and paid-up capital of S\$1, consisting of 1 ordinary share. G-Chem provides a one-stop logistics solution for chemical producers/ traders by offering services from transportation, storage, drumming to distribution and exportation.
- 2.2 Immediately prior to the completion of the Disposal (“**Completion**”), G-Chem is a wholly-owned subsidiary of the Company. Upon Completion, G-Chem will cease to be a subsidiary of the Company.
- 2.3 Kleio is a company incorporated on 11 July 2016 in Singapore with an issued and paid-up capital of S\$500,000, consisting of 500,000 ordinary shares. Kleio operates the

business as a logistics provider, including warehouse renting services and other transport services, and the packing and distribution of chemical and drumming services.

3. KEY TERMS OF THE G-CHEM SPA

3.1 Sale Consideration

- (i) The aggregate sale consideration for the Sale Shares is S\$1.00 (the “**Sale Consideration**”) to be paid on Completion.
- (ii) The Sale Consideration was determined by the parties based on a willing-buyer-willing-seller basis, taking into consideration, amongst others, the loss-making position and net liabilities of G-Chem.

3.2 Salient Terms

- (i) Conditions Precedent

The Completion of the Disposal is conditional upon the following conditions precedent being fulfilled:

- (a) all consents, approvals and authorisations of bankers, financial institutions, landlords of leases, relevant third parties, government or regulatory authorities (including but not limited to, in respect of the Company, the SGX-ST (if so required)) which are necessary or desirable in connection with the transfer of the Sale Shares from the Company to Kleio and the ownership by Kleio of the Sale Shares having been obtained, and not having been withdrawn, suspended, amended or revoked prior to the date of Completion;
- (b) all representations, warranties and undertakings of the Company, LDL, LSW and Kleio under the G-Chem SPA being complied with, and being true, accurate and correct in all respects as at the date of Completion, as if repeated at Completion and at all times between the date hereof and the date of Completion;
- (c) each of the parties to the G-Chem SPA having performed all of the covenants and agreements required to be performed or caused to be performed by it under the G-Chem SPA on or before the date of Completion;
- (d) the Company or Kleio not having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the G-Chem SPA, and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, other order or action which is threatened;
- (e) the settlement of all amounts owing by G-Chem and its subsidiaries to the Company or its related corporations (including without limitation, the Par Down Amount (as defined below)) up to 30 May 2019 (to the extent accounted for up to the date of the G-Chem SPA), except for the Outstanding Amount (as defined below); and
- (f) the full redemption and discharge of the Hire Purchase Facility (as defined below) and the corporate guarantee detailed in paragraph 5.2 below.

- (ii) Sharing of Net Liabilities of G-Chem in Equal Proportions

The Company and Kleio have agreed that Kleio shall bear 50% of the net liabilities of G-Chem as at 31 March 2019, and the Company shall bear the remaining 50% of net liabilities of G-Chem as at 31 March 2019, being an amount of S\$321,530 (the "**Liability Amount**").

On Completion, the Liability Amount will be set-off against the aggregate outstanding amount owing by G-Chem to the Company.

(iii) Par Down Amount

G-Chem has agreed to pay an amount of S\$187,937 (the "**Par Down Amount**") to the Company on Completion, forming part of the aggregate debts, liabilities, accounts receivables and other amounts (including trade and non-trade) owing by G-Chem to the Company.

Upon payment of the Par Down Amount and set-off of the Liability Amount as described in paragraphs 3.2(ii) and 3.2(iii), G-Chem owes an outstanding amount of S\$550,000 (the "**Outstanding Amount**") to the Company.

(iv) Outstanding Amount

G-Chem shall repay the Outstanding Amount to the Company in approximately equal monthly instalments over 24 months from Completion, with: (i) interest at the rate of five per cent. (5%) per annum on the unpaid Outstanding Amount during the first twelve (12) months; and (ii) interest at the rate of seven (7) per cent. (7%) per annum on the unpaid Outstanding Amount during the succeeding twelve (12) months.

If an event of default occurs in respect of G-Chem, the Company is entitled to declare that an event of default has occurred by notice in writing to G-Chem, whereupon, if such event of default is not remedied within three (3) business days, all unpaid Outstanding Amount (including accrued interest) shall become due and payable.

(v) Personal Guarantee

LDL and LSW have agreed to guarantee to pay to the Company any sum payable by G-Chem in respect of the Outstanding Amount (including all accrued interest) which shall become payable by G-Chem in accordance with the SPA.

(vi) Termination of SHA

Upon Completion, the SHA shall be terminated by the parties on the date of Completion.

4. KEY TERMS OF THE DRUMMING SPA

4.1 Purchase Consideration

- (i) The purchase consideration for the Drumming Machinery is an amount equivalent to the redemption amount payable by G-Chem to discharge the existing hire purchase facility over the Drumming Machinery ("**Hire Purchase Facility**") (the "**Purchase Consideration**"), to be paid on completion, being an amount of approximately S\$303,863.
- (ii) The Purchase Consideration was determined by the parties based on a willing-buyer-willing-seller basis, taking into consideration, the existing Hire Purchase Facility over the Drumming Machinery.

4.2 Salient Terms

(i) Conditions Precedent

The completion of the sale and purchase of the Drumming Machinery is conditional upon the following conditions precedent being fulfilled:

- (a) the full redemption and discharge of the Hire Purchase Facility; and
- (b) the completion of the G-Chem SPA on the terms and conditions set out therein.

(ii) Redemption of Hire Purchase Facility

The Hire Purchase Facility shall be fully redeemed and discharged on completion of the sale and purchase of the Drumming Machinery, such that the Company shall acquire the Drumming Machinery free from all encumbrances on completion.

(iii) Repurchase of Drumming Machinery by G-Chem

G-Chem shall re-purchase the Drumming Machinery from the Company at a new drumming consideration equivalent to the aggregate of the Purchase Consideration and financing fee of S\$4,823 (the “**New Consideration**”) on or prior to 31 December 2019 and on such other terms and conditions set out in the Drumming SPA.

(iv) Personal Guarantee

LDL and LSW have agreed to guarantee to pay the New Consideration to the Company and compensate the Company in respect of any non-performance or non-compliance by G-Chem of any term of the Drumming SPA.

5. RATIONALE FOR THE DISPOSAL OF G-CHEM AND ACQUISITION OF THE DRUMMING MACHINERY

5.1 In view of the increasing losses and net liabilities of G-Chem and the uncertainties in the current market which G-Chem operates in, the Company wishes to divest its equity interest in G-Chem so as to maintain prudence in managing operating costs as well as to channeling its resources to focus on its core business of warehousing and logistics to increase synergies among its subsidiaries to generate better value for shareholders of the Company.

5.2 In connection with the Disposal, as G-Chem does not have the financial resources to discharge the existing Hire Purchase Facility (in which the Company has provided a corporate guarantee in favour of the bank to secure repayment of the Hire Purchase Facility by G-Chem), the Company has agreed to purchase the Drumming Machinery such that the proceeds from the acquisition shall be used for the discharge of the existing Hire Purchase Facility and the corporate guarantee provided by the Company. Under the terms of the Drumming SPA, G-Chem has agreed to repurchase the Drumming Machinery from the Company, so that the Group may focus on its core business of warehousing and logistics as described in paragraph 5.1 above.

5.3 In light of the above, the Board is of the view that it is in the best interest of the Company to enter into the G-Chem SPA and the Drumming SPA on the terms and conditions set out therein, so as to better develop its core business of warehousing and logistics.

6. GAIN ON THE DISPOSAL AND USE OF PROCEEDS

- 6.1 Based on the unaudited financial statements of G-Chem as at 28 February 2019, the net liability value of the Sale Shares was S\$639,923. The Company will recognise a net gain of approximately S\$318,000 from the Disposal, subject to any accounting adjustments which may be necessary upon the finalisation of the transaction.
- 6.2 The Company intends to utilise the Sale Consideration to finance its working capital requirements.

7. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The relative figures for the Disposal computed on the bases set out in Rule 1006 of the Catalist Rules are set out below:

Listing Rule	Content	Relative Figure
1006(a)	Net asset value of the assets to be disposed of, compared with the group's net asset value	The unaudited net liability value of the Sale Shares of S\$639,923 as at 28 February 2019 represents approximately -0.87% of the unaudited net asset value of the Group of S\$73,204,000 as at 28 February 2019.
1006(b)	Net profits attributable to the assets acquired or disposed of, compared with the group's net profits	The unaudited net loss attributable to the Sale Shares of S\$320,923 for the financial period ended 28 Feb 2019. represents approximately 11.64% of the Group's unaudited net loss of S\$2,758,000 attributable to shareholders of the Company for the financial year ended 31 May 2018.
1006(c)	Aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares	The aggregate value of the Sale Consideration of S\$1.00 for the Disposal represents approximately 0% of the Company's market capitalisation of approximately S\$43,071,000 as at 13 June 2019 (being the last market day preceding the date of the SPA).
1006(d)	Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not Applicable
1006(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves.	Not Applicable

As the relative figure for Rule 1006(a) is a negative figure, the Company had, pursuant to Rule 1007(1) of the Catalist Rules, consulted the SGX-ST through its Sponsor on the application of Chapter 10 of the Catalist Rules on the Disposal. Following the consultation, the Disposal constitutes a "Discloseable Transaction" under Rule 1010 of the Catalist Rules and does not require shareholders' approval.

8. FINANCIAL EFFECTS

The tables illustrating the effects of the Disposal on: (i) net tangible assets (“NTA”) per share of the Company (assuming the Disposal had been completed at the end of the financial year ended 31 May 2018 (“FY2018”), and (ii) the loss per share of the Company (assuming that the Disposal had been effected at the beginning of FY2018) based on the audited consolidated financial statements of the Company for FY2018, are set out below:

(i) NTA per share

	NTA per share
Before the Disposal	11.04 cents ¹
After the Disposal	11.08 cents ²

(ii) Loss per share

	Loss per share
Before the Disposal	1.55 cents ³
After the Disposal	1.50 cents ⁴

Notes:

- (1) This is based on the NTA of S\$75,991,000 and 688,531,890 shares in the capital of the Company.
- (2) This is based on the NTA of S\$76,309,000 and 688,531,890 shares in the capital of the Company.
- (3) This is based on the net loss attributable to shareholders of the Company of S\$10,621,000 and 686,367,506 weighted average number of shares in the capital of the Company.
- (4) This is based on the net loss attributable to shareholders of the Company of S\$10,303,000 and 686,367,506 weighted average number of shares in the capital of the Company.

9. FURTHER INFORMATION

9.1 Interest of Directors and Substantial Shareholders

Save for their respective shareholdings in the Company, none of the directors of the Company or substantial shareholders of the Company have any interest, direct or indirect, in the Disposal and/or the acquisition of the Drumming Machinery.

9.2 Directors' Service Contracts

There is no director proposed to be appointed to the Company in connection with the Disposal and/or the acquisition of the Drumming Machinery.

10. DOCUMENTS FOR INSPECTION

A copy of each of the G-Chem SPA and the Drumming SPA is available for inspection at the registered office of the Company at 39 Benoi Road, #06-01 Singapore 627725, during normal business hours for a period of three (3) months from the date of this Announcement.

BY ORDER OF THE BOARD

Neo Cheow Hui
Chief Executive Officer and Executive Director
14 June 2019

*This announcement has 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.

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