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

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**(A) RESTRUCTURING OF JOINT VENTURE RELATING TO STEADFAST (HK) CO., LIMITED**
**(B) INCORPORATION OF OCEAN LATITUDE**

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*Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings as in the Company's announcements dated 23 September 2013, 23 November 2015 and 9 December 2015 (the "Announcements").*

## (A) RESTRUCTURING OF JOINT VENTURE RELATING TO STEADFAST (HK) CO., LIMITED

Pursuant to a joint venture agreement dated 18 September 2013, GKE Shipping Co., Limited and Southwest Maritime Limited had set up Steadfast (HK) Co., Limited ("**Steadfast**") (the "**Steadfast JV**") with the intention that it will become the registered owner of the 83,000 CBM gas carrier vessel (the "**Vessel**") (as referred to in the Company's announcement dated 23 September 2013). Following a review of the Vessel ownership structure from a tax perspective, the Group decided to carry out a restructuring of the Steadfast JV for tax efficiency purposes (the "**Restructuring**").

To effect the Restructuring, a new joint venture company known as Ocean Latitude (as defined below), set up in the British Virgin Islands, will in turn set up a wholly-owned subsidiary in Hong Kong Special Administrative Region of the People's Republic of China ("**HKCo**") to become the registered owner of the Vessel in place of Steadfast as originally planned.

Once the HKCo becomes the registered owner of the Vessel, the Company intends to terminate the Steadfast JV. Subsequently, Steadfast and GKE Shipping Co., Limited will be dormant companies.

## (B) INCORPORATION OF OCEAN LATITUDE LIMITED

In order to effect the Restructuring, GKE Shipping Limited ("**GKE Shipping**") has together with Sunrise Marine Limited ("**Sunrise Marine**"), incorporated a joint venture company by the name of Ocean Latitude Limited ("**Ocean Latitude**") in the British Virgin Islands ("**Joint Venture**").

1. Information on Ocean Latitude

1.1 Ocean Latitude has an initial issued share capital of US$13,680,000 (equivalent to approximately S$19,537,502, based on the exchange rate of US$1:S$1.42818) divided into 13,680 ordinary shares of US$1,000 each, and will be principally engaged in investment and investment holding activities. Each of GKE Shipping and Sunrise Marine will hold 6,840 ordinary shares ("**Subscription Shares**"), representing 50% of the entire issued share capital in Ocean Latitude.

1.2 At the date of this Announcement, the issued share capital of Ocean Latitude has been fully paid up by each of GKE Shipping and Sunrise Marine. GKE Shipping's contribution to the share capital of Ocean Latitude has been funded through the Group's internal resources, external borrowings and part of the proceeds from the renounceable non-underwritten rights issue undertaken by the Company as announced on 26 June 2015.

1.3 Subsequent to the incorporation of Ocean Latitude, it is expected to enter into a shareholders' agreement with GKE Shipping, Sunrise Marine and HKCo to, amongst others, record and regulate the business and affairs of the Ocean Latitude.

1.4 The share capital of Ocean Latitude of US$13,680,000 was arrived at after taking into account the funds required for the payment of the Vessel.

2. Information on Sunrise Marine

2.1 Sunrise Marine is a company incorporated in the British Virgin Islands, whose sole shareholder is Mr Liu Ji Chun, a Non-Executive Director of the Company. Accordingly, Sunrise Marine is an associate of Mr Liu Ji Chun, who is therefore considered an interested person as defined under Rule 904(4) of Chapter 9 of the Listing Manual – Section B: Rules of the Catalist of the Singapore Exchange Securities Trading Limited ("**Catalist Rules**"). Since Sunrise Marine is an associate of Mr Liu Ji Chun, the Joint Venture is therefore an interested person transaction pursuant to Rules 904(5) and 904(6) of the Catalist Rules.

2.2 The value of this interested person transaction by the Company with Mr Liu Ji Chun pursuant to the incorporation of Ocean Latitude is approximately S$9,768,751, which is equivalent to 13.25% of the Group's latest audited net tangible asset. Save as disclosed above and the Steadfast JV as announced by the Company on 23 September 2013, the Group has not entered into any other transactions with Mr Liu Ji Chun.

2.3 Rule 916(2) of the Catalist Rules provides that investments in a joint venture with an interested person is not required to comply with the requirement to obtain shareholders' approval under Rule 906 of the Catalist Rules if:

(a) the risks and rewards are in proportion to the equity of each joint venture partner;

(b) the issuer confirms by an announcement that its audit committee is of the view that the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are not prejudicial to the interests of the issuer and its minority shareholders; and

(c) the interested person does not have an existing equity interest in the joint venture prior to the participation of the entity at risk in the joint venture.

2.4 Pursuant to Rule 916(2)(b) of the Catalist Rules, the audit committee of the Company is of the view that the risks and rewards of the joint venture are in proportion to the equity of each party, and that the terms of the incorporation of Ocean Latitude are not prejudicial to the interest of the Company and its minority shareholders. Accordingly, the Joint Venture is not subject to the approval of shareholders.

3. Information on the Joint Venture

**Relative figures under Rule 1006 of the Catalist Rules**

The relative figures for the subscription of 6,840 shares in Ocean Latitude by GKE Shipping 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 | Not applicable as this transaction is an acquisition and not a disposal of assets. |
| 1006(b) | Net profits attributable to the assets acquired or disposed of, compared with the group's net profits | Nil[(1)] |

| Listing Rule | Content | Relative Figure |
|---|---|---|
| 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 | 18.81% [(2)] |
| 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 |

**Notes:**

(1) As at the date of this Announcement, Ocean Latitude has been incorporated but has not commenced its business.
(2) Based on the total subscription consideration US$6,840,000 for the subscription of 6,840 Subscription Shares compared to the Company's market capitalisation of approximately S$51,931,148 as at 1 February 2016, being the market day immediately preceding the incorporation of Ocean Latitude.

4. Financial Effects

The following sections illustrate the financial effects of the subscription of shares in Ocean Latitude on the net tangible asset ("**NTA**") per share and the earnings per share ("**EPS**") of the Company based on the latest announced audited consolidated financial statements of the Group for the financial year ended 31 May 2015.

(i) **Financial effect on NTA per share**

| | Before subscription of shares in Ocean Latitude | After subscription of shares in Ocean Latitude |
|---|---|---|
| NTA | S$73,724,000 | S$73,724,000 |
| Number of share (excluding treasury shares) | 641,125,290 | 641,125,290 |
| NTA per share (S$ cents) | 11.50 | 11.50 |

(ii) **Financial effect on EPS**

| | Before subscription of shares in Ocean Latitude | After subscription of shares in Ocean Latitude |
|---|---|---|
| Loss attributable to shareholders | -$3,821,000 | -$3,821,000 |

| | Before subscription of shares in Ocean Latitude | After subscription of shares in Ocean Latitude |
|---|---|---|
| Weighted average number of ordinary shares | 489,363,030 | 489,363,030 |
| EPS per share (S$ cents) | -0.78 | -0.78 |

5. **DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS**

Save for the interest of Mr Liu Ji Chun as disclosed above, none of the Directors or substantial shareholders of the Company have any interest, direct or indirect, in Ocean Latitude, save for their shareholding interest in the Company.

6. **DETAILS OF SERVICE CONTRACTS**

No service contract is proposed to be entered into for the appointment of any directors to the Company in connection with the incorporation of Ocean Latitude.

BY ORDER OF THE BOARD

Neo Cheow Hui
Chief Executive Officer and Executive Director
2 February 2016

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*This announcement has 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 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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