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

SALE OF 49% INTEREST IN GKE METAL LOGISTICS PTE. LTD.

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1. INTRODUCTION

The Board of Directors ("**Board**") of GKE Corporation Limited ("**Company**", and together with its subsidiaries, the "**Group**") wish to update shareholders that the Company has on 8 August 2018 entered into a Sale and Purchase Agreement ("**SPA**") with Hung Lin Holding Ltd. ("**Purchaser**"), for the sale ("**Sale**") of the Company's entire shareholding in GKE Metal Logistics Pte. Ltd. ("**GKE Metal**"), being 521,704 shares representing 49% of the total share capital of GKE Metal ("**Sale Shares**"), to the Purchaser. Completion of the Sale ("**Completion**") has simultaneously taken place on 8 August 2018 pursuant to the terms set out in the SPA.

2. INFORMATION ON GKE METAL AND THE PURCHASER

2.1 GKE Metal was incorporated on 12 April 1984 in Singapore with an issued and paid-up capital of S$1,064,703, consisting of 1,064,703 ordinary shares. GKE Metal is an approved London Metal Exchange warehouse service provider operating in both Singapore and Shanghai, China and acts as custodian for the storage and handling of non-ferrous metals that are traded on the London Metal Exchange.

2.2 As at the date of this Announcement, GKE Metal has a 65%-owned subsidiary in the People's Republic of China known as GKE (Shanghai) Metal Logistics Co., Ltd ("**GKESH**"). Shanghai GKE Logistics Co., Ltd ("**SHGKE**") and Guangzhou GKE Warehousing Co. Ltd ("**GGWCL**") are wholly-owned subsidiaries of GKESH. Upon Completion, GKE Metal, GKESH and SHGKE shall cease to be associated companies of the Company.

2.3 The Purchaser is a company incorporated in the British Virgin Islands and is an investment-holding company.

3. SALE CONSIDERATION

3.1 The aggregate sale consideration for the Sale Shares is US$2,066,000 (being approximately S$2,822,000 based on the exchange rate of US$1:S$1.36586) subject to adjustments as described in paragraph 5.1 below ("**Sale Consideration**"), to be satisfied in cash by the Purchaser as follows: (i) US$216,000 which has been paid on the date of this Announcement on Completion; and (ii) US$1,850,000 ("**Deferred Consideration**") to be paid within two months from the date of Completion ("**Completion Date**") .

3.2 The Sale Consideration was determined by the parties based on a willing-buyer-willing-seller basis, taking into consideration, the revenues and loss-making position of GKE Metal and the net tangible asset value of GKE Metal.

4. RATIONALE FOR THE SALE

4.1 In view of the sale of the remaining 51% of the total number of shares in GKE Metal held by the Company's existing joint venture partner, Plantation Holdings B.V. to the Purchaser, and the challenging business and operating environment in which GKE Metal is operating in, the Company wishes to divest its equity interest in GKE Metals as well. The Sale Consideration from the divestment of GKE Metal will also enable the Company to focus on its core businesses.

4.2 In light of the above, the Board is of the view that is in the best interest of the Company to exit the joint venture by carrying out the Sale for a satisfactory consideration and to consider new operating businesses with good growth potential. Such new businesses and/or assets could potentially enable the Company to increase its market capitalisation and widen the investor base for its shares, thereby leading to an overall increase in investor interest and enhancing value for the shareholders of the Company ("**Shareholders**") moving forward.

5. SALIENT TERMS OF SPA

5.1 Share Charge

On Completion, the Purchaser has executed a charge over 35% of the total number of shares in Van Der Horst Logistics Limited ("**Share Charge**") in favour of the Company to secure its obligations to make payment of the Deferred Consideration.

5.2 Use of Name

5.2.1 Under the terms of the SPA, the Purchaser is entitled to a licence to use the name "GKE Metal Logistics Pte. Ltd." and the trade names "GKE Metal Logistics" and "GKE Metal" ("**Trade Names**") for a period of three years from Completion ("**Licence Period**").

5.2.2 Upon expiry of the Licence Period, the Purchaser is required to change the name of the Company and cease use of the Trade Names.

6. GAIN ON THE SALE AND USE OF PROCEEDS

6.1 Based on the unaudited consolidated financial statements of GKE Metal as at 31 May 2018, the net book value of the Sale Shares was S$2,505,000. The Company will recognise a net gain of approximately S$317,000 from the Sale, 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

7.1 The relative figures for the Sale computed on the bases set out in Rule 1006 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**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 asset value of the Sale Shares of S$2,505,000 as at 31 May 2018 represents approximately 3.03% of the unaudited net asset value of the Group of S$82,722,000 as at 31 May 2018.
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 approximately S$337,000 represents approximately 3.17% of the Group's unaudited net loss of S$10,621,000 attributable to shareholders of the Company for the financial year ended 31 May 2018 ("**FY2018**").

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 US$2,066,000 (approximately S$2,822,000 based on the exchange rate of US$1:S$1.36586) for the Sale represents approximately 6.12% of the Company's market capitalisation of approximately S$46,130,0000 as at 7 August 2018 (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

7.2 As the relative figures under Rule 1006 exceed 5% but is less than 50%, the Sale constitutes a "Discloseable Transaction" under Rule 1010 of the Catalist Rules.

8. FINANCIAL EFFECTS OF THE SALE

The tables illustrating the effects of the Sale on: (i) net tangible asset ("**NTA**") per share of the Company (assuming the Sale had been completed at the end of FY2018; and (ii) the loss per share of the Company (assuming that the Sale had been effected at the beginning of FY2018) based on the unaudited consolidated financial statements of the Company for FY2018, are set out below:

(i) NTA per share

	NTA per share
Before the Sale	**12.01 cents[1]**
After the Sale	**12.06 cents[2]**

(ii) Loss per share

	Loss per share
Before the Sale	**1.54 cents[3]**
After the Sale	**1.49 cents[4]**

Notes:

(1) This is based on the NTA of S$82,722,000 and 688,531,890 shares in the capital of the Company.

(2) This is based on the NTA of S$83,039,000 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 688,531,890 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$10,284,000 and 688,531,890 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 Sale.

9.2 Directors' Service Contracts

There is no director proposed to be appointed to the Company in connection with the Sale.

10. DOCUMENTS FOR INSPECTION

A copy of the SPA and the Share Charge 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
8 August 2018

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*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.

The details of the contact person for the Sponsor are:

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