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

BINDING MEMORANDUM OF UNDERSTANDING RELATING TO THE PURCHASE OF THE ENTIRE ISSUED SHARE CAPITAL OF TNS OCEAN LINES (S) PTE. LTD.

1. INTRODUCTION

The Board of Directors (the "**Board**") of GKE Corporation Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to announce that the Company has on 28 July 2016, entered into a legally binding Memorandum of Understanding (the "**MOU**") with the shareholders of TNS Ocean Lines (S) Pte. Ltd. ("**TNS**"), being (1) Tan Nam Seng, (2) Sern Chia Lung, (3) Tan Meng Chuan, (4) Tan Cheng Cheng and (5) Spencer Sanjay s/o Shamlal Tuppani (collectively referred to as the "**Vendors**") for the proposed acquisition of 2,416,000 ordinary shares in the capital of TNS (the "**Sale Shares**") (the "**Proposed Acquisition**").

The Sale Shares represent the entire issued and paid-up shares in TNS. Upon the completion of the Proposed Acquisition ("**Completion**"), the Company will hold 100% of the total issued and paid-up capital of TNS.

The MOU is legally binding between the Parties in relation to the sale and purchase of the Sale Shares according to the terms contained in the MOU, which contains the principal terms of the Proposed Acquisition. The Parties have agreed to negotiate in good faith to enter into a definitive agreement for the Proposed Acquisition (the "**Definitive SPA**").

2. INFORMATION ON TNS

TNS is a company incorporated on 2 February 1995 with limited liability under the laws of Singapore and as on the date of this Announcement, has an issued and paid-up capital of S$2,496,000 divided into 2,416,000 ordinary shares. TNS is principally engaged in the business of providing stevedoring and lighterage services, lashing, wharf operation services and the transportation of marine materials by sea.

3 RATIONALE

The Board is of the view that the Proposed Acquisition presents an opportunity for the Company to acquire an operating business in the maritime logistics sector with a track record and growth potential.

The rationale for and benefits of the Proposed Acquisition are, *inter alia*, as follows:

(i) the Proposed Acquisition will enable the Group to have a stable stream of income and profits;

(ii) the Proposed Acquisition presents an opportunity for the Group to acquire a profitable company with viable business model and a good management team;

(iii) the Proposed Acquisition presents an opportunity for the Group to work with TNS to venture overseas in port management and logistics services;

(iv) there are various business opportunities that can be created by capitalising from the strengths of both the Group and TNS; and

(v) the business of TNS is a good strategic fit to the Company's existing business in Singapore taking into account the synergy created by both the businesses.

Given the foregoing, the Board believes that the Proposed Acquisition will enhance shareholder value for the Company.

4 PRINCIPAL TERMS OF THE MOU

4.1 Purchase Consideration of the Sale Shares

The aggregate purchase consideration for the Sale Shares is S$9 million (the "**Purchase Consideration**"), to be partly satisfied in cash and partly by 52,500,000 ordinary shares in the capital of the Company (the "**Consideration Shares**"). The Company will apply to the Singapore Exchange Securities Trading Limited for a listing and quotation notice for the listing and quotation of 52,500,000 Consideration Shares to be issued by the Company.

The Consideration Shares shall be satisfied via an issue of new shares or a transfer of treasury shares in the Company to the Vendors at the issue price of S$0.12 per share free from all claims and encumbrance and with all rights, dividends, benefits and entitlements now or hereafter attaching to the said shares with effect from the date of Completion.

The portion of the Purchase Consideration to be satisfied in cash (being S$2,700,000) shall be payable by the Company on the date of Completion.

The Purchase Consideration was arrived on a "willing buyer-willing seller basis", after taking into account, *inter alia*, the future profitability of TNS in light of the profit guarantee referred to in paragraph 3.5 below and the future business potential of TNS.

4.2 Conditions Precedent

Completion shall be conditional upon, inter alia, the following:

(a) The Purchaser having undertaken and completed such due diligence investigations as it may deem necessary and is satisfied with the results of the due diligence investigations (whether legal, financial, contractual, tax or otherwise) carried out by the Purchaser in respect of the TNS, including but not limited to the corporate and affairs, business, assets, liabilities, operations, records, financial position, financial performance, tax liabilities, accounts, results and prospects of the TNS, in its sole and absolute discretion prior to the signing of the Definitive SPA;

(b) The Purchaser being satisfied in its reasonable discretion that there has been no material adverse change, or events, acts or omissions likely to lead to such a change, in the business, assets, prospects, performance, financial position or results of operations of the TNS from the date of the MOU;

(c) The approval of the board of directors and shareholders of the Purchaser in a general meeting (if required), and the approval and consents of any regulatory authorities, where necessary, in relation to the following:

(i) the acquisition of the Sale Shares by the Purchaser;

(ii) the allotment and issuance and/or transfer of the Consideration Shares; and

(iii) such other corporate action(s) in connection with the transactions contemplated by the MOU and the Definitive SPA.

(d) The listing and quotation notice being received from the SGX-ST for the dealing in and quotation for the Consideration Shares, such approval not being revoked, rescinded or cancelled prior to Completion and, where such listing and quotation

notice is obtained subject to any conditions, such conditions being acceptable to the Purchaser;

(e) The full settlement and payment of all amounts by the Vendors and its related parties to the Company;

(f) The consents and approvals of any governmental or regulatory authorities and third parties (including waivers of pre-emption rights by existing shareholders and consents from existing bankers) as may be necessary for the sale and transfer of the Sale Shares by the Vendors to the Purchaser having been obtained by the Vendors and such consents and approvals remaining in full force and effect and not being revoked;

(g) The Vendors or the Purchaser not having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the MOU, 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;

(h) There is no material breach by the Vendors of the representations, warranties, covenants and indemnities contained in the MOU and the Definitive SPA;

(i) The MOU and/or any transaction contemplated herein not being prohibited by any statute, order, rule, regulation or directive (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Singapore or any competent authority; and

(j) The execution of service agreements on terms acceptable to the Purchaser between the Company and such persons as the Purchaser shall require.

4.3 The Parties have agreed that the Purchaser shall be entitled to provide in the Definitive SPA for such additional conditions precedent as it shall deem fit for the sale and purchase of the Sale Shares.

4.4 The conditions precedent for the sale and purchase of the Sale Shares shall be satisfied within six (6) months from the date of the Definitive SPA or such later date as the Parties may mutually agree in writing.

4.5 Profit Guarantee

The Vendors (except for Tan Nam Seng and Sern Chia Lung) will provide a guarantee that TNS shall achieve a cumulative net profit before tax as reflected in the audited accounts of TNS ("**NPBT**") of an aggregate of at least S$3,500,000 for the period from the date of Completion and the date falling three (3) years of the date of Completion ("**Profit Guarantee**").

In the event that TNS fails to achieve the Profit Guarantee due to whatsoever reasons, the Vendors (except for Tan Nam Seng and Sern Chia Lung) shall compensate the Purchaser by paying a cash sum being the difference between the said sum of S$3,500,000 and the actual NPBT achieved for the period from the date of Completion and the date falling three (3) years of the date of Completion, as compensation for the non-fulfilment of the Profit Guarantee.

In the event that the Profit Guarantee is not fulfilled, the Company is entitled to sell any of the Consideration Shares to satisfy any payment obligation of the Vendors (except for Tan Nam Seng and Sern Chia Lung) under the Profit Guarantee.

4.6 Moratorium

The Vendors (except for Tan Nam Seng and Sern Chia Lung) will provide a moratorium undertaking in respect of 29,166,667 Consideration Shares (being such number of Consideration Shares equivalent to the Profit Guarantee Amount) commencing from the date of issue of the Consideration Shares until the expiry of 3 months after the issue of the audited accounts showing the NPBT for 3 years after the date of Completion or satisfaction of the Profit Guarantee, whichever is earlier.

Tan Nam Seng and Sern Chia Lung have provided a moratorium undertaking in respect of all Consideration Shares held by them for a period of 1 year after the date of Completion.

4.7 Exclusivity Period

The Parties shall deal exclusively with each other and not to do anything with any other party that prejudices (or might reasonably be expected to prejudice) the prospects of the transactions contemplated in the MOU from the date of the MOU to the expiry or earlier termination of the MOU.

4.8 Termination

The Parties shall enter into the Definitive SPA within six (6) months from the date of the MOU or such other date as may be agreed between the Parties, failing which the MOU shall become null and void.

4.9 Governing Law and Jurisdiction

This Agreement shall be governed by and interpreted and construed in accordance with the laws of Singapore.

5 THE VALUE OF THE SALE SHARES

Based on the unaudited financial statements of TNS for the financial year ended 31 December 2015, the net tangible asset value of the Sale Shares as at 31 December 2015 and the net profit attributable to the Sale Shares acquired by the Company for the from 1 January 2015 to 31 December 2015 were S$526,000 and S$341,000 respectively, in respect of 100% of the ownership in TNS, to be acquired by the Company.

6 SOURCE OF FUNDS FOR THE PROPOSED ACQUISITION

The Purchase Consideration payable by the Company in cash will be funded through internal resources of the Group and/or bank borrowings. Part of the Purchase Consideration will be satisfied by way of issuing or transferring Consideration Shares to the Vendors.

7 RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

The relative figures for the Proposed Acquisition 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	5.8%. The unaudited net profit attributable to the Sale Shares purchased by the

Listing Rule	Content	Relative Figure
	of, compared with the group's net profits	Company for the financial year ended 31 December 2015 is approximately S$341,000 as compared to the Group's unaudited net profit of S$5,874,000 for the financial year ended 31 May 2016.
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 Purchase Consideration of S$9,000,000 for the Proposed Acquisition represents approximately 13.4% of the Company's market capitalisation of approximately S$67,071,000 as at 27 July 2016 (being the last market day preceding the date of the MOU).
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	The 52,500,000 ordinary shares proposed to be issued or transferred by the Company as part consideration to the Vendors for the Proposed Acquisition represents approximately 8.3% of the total issued share capital of the Company (being 632,741,890 ordinary shares (excluding 13,800,400 treasury shares)) as at the date hereof.
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:

As the relative figures under Rules 1006(b), 1006(c) and 1006(d) exceeds 5% but is less than 20%, the Proposed Acquisition constitutes a "Discloseable Transaction" under Rule 1010 of the Catalist Rules.

8 FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The tables illustrating the effects of the Proposed Acquisition on the (i) net tangible asset ("**NTA**") per share of the Company (assuming the Proposed Acquisition had been completed at the beginning of the financial year ended 31 May 2016 ("**FY2016**"); and (ii) the earnings per share of the Company (assuming that the Proposed Acquisition had been effected at the beginning of 1 June 2015) based on the audited financial statements of the Company for FY2016, are set out below:

(i) NTA per share

	NTA per share
Before the Acquisition	**13.43**[1]
After the Acquisition	**12.14**[2]

(ii) Earnings per share

	Earnings per share
Before the Acquisition	**0.89**[3]
After the Acquisition	**0.88**[4]

Notes:

(1) This is based on the NTA of S$85,008,000 and 685,241,890 shares.

(2) This is based on the NTA of S$83,175,000 and 685,241,890 shares.

(3) This is based on the profit attributable to shareholders of S$5,709,000 attributable to the shareholders of the Company and 685,241,890 weighted average number of shares.

(4) This is based on the profit attributable to shareholders of S$6,050,000 attributable to the shareholders of the Company and 685,241,890 weighted average number of shares.

9 INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their shareholding interest in the Company, none of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition. None of the directors or substantial shareholders of the Company is related to any the Vendors.

10 SERVICE CONTRACT

No director will be appointed to the Company in connection with the Proposed Acquisition.

11 DOCUMENTS FOR INSPECTION

A copy of the MOU is available for inspection at the Company's registered office at 30 Pioneer Road Singapore 628502 during normal business hours for a period of 3 months from the date of this Announcement.

BY ORDER OF THE BOARD

Neo Cheow Hui
Chief Executive Officer and Executive Director
29 July 2016

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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.

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