



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

ANNOUNCEMENT OF INTERESTED PERSON TRANSACTIONS PURSUANT TO RULE 905(2) OF THE CATALIST RULES

1. INTRODUCTION

- 1.1. The Board of Directors (the “**Board**”) of GKE Corporation Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce the transactions entered into with the same interested person during the financial year ending 31 May 2022 (“**FY2022**”) pursuant to Rule 905(2) of the Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).
- 1.2. Rule 905(2) of the Catalist Rules provides that if the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3% or more of the Group's latest audited net tangible assets, the Company must make an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during that financial year.
- 1.3. Rule 906(1) the Catalist Rules provides that the Company must obtain shareholder approval for any interested person transaction (“**IPT**”) of a value equal to, or more than:
 - (a) 5% of the group's latest audited net tangible assets; or
 - (b) 5% of the group's latest audited net tangible assets, when aggregated with other transactions entered into with the same interested person during the same financial year. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.
- 1.4. While this announcement is made pursuant to Rule 905(2) of the Catalist Rules, the Company anticipates that it will continue to enter into such transactions with the same interested person during FY2022 and that the future transactions entered into with the same interested person during FY2022 may exceed the threshold stipulated by Rule 906(1) of the Catalist Rules and require shareholders' approval. Therefore, the Company intends to convene an extraordinary general meeting (“**EGM**”) to seek approval from shareholders for both the foregoing transactions as well as the adoption of a general mandate for recurrent IPTs under Chapter 9 of the Catalist Rules. In accordance with Chapter 9 of the Catalist Rules, the Company will also be appointing an independent financial adviser (“**IFA**”) to provide an opinion on whether the IPTs are on normal commercial terms and whether it will be prejudicial to the interests of the Company and its minority shareholders.

A circular containing further information on the IPTs, the opinion of the IFA and the proposed general mandate to be adopted, together with a notice of the EGM to be convened, will be electronically disseminated to shareholders in due course.

2. DETAILS OF THE ENTITIES AT RISK

- 2.1. Wuzhou Xingjian Readymix Co., Ltd. ("**Wuzhou Xingjian**"), an indirect wholly-owned subsidiary of the Company, is a company incorporated in China and is primarily engaged in the manufacture and supply of ready-mix concrete products. Wuzhou Xingjian is a major contributor to the Group's revenue, contributing approximately S\$36,887,000 (representing approximately 34% of the Group's revenue) in FY2020 and approximately S\$52,817,000 (representing approximately 44% of the Group's revenue) in FY2021.
- 2.2. Cenxi Xingjian Readymix Co., Ltd. ("**Cenxi Xingjian**"), a wholly-owned subsidiary of Wuzhou Xingjian, owns a ready-mix concrete plant in Longmu Village in Cenxi City, China ("**Cenxi City**") and its principal activities include the producing and manufacturing of environmentally friendly lightweight brick, building materials and cement products. The concrete plant of Cenxi Xingjian was only operationally ready in mid-FY2022.
- 2.3. Accordingly, each of Wuzhou Xingjian and Cenxi Xingjian (collectively, the "**Subsidiaries**") is deemed to be an "entity at risk" for the purposes of Chapter 9 of the Catalist Rules.

3. DETAILS OF THE INTERESTED PARTY

- 3.1. Cenxi Haoyi Recycling Co., Ltd. ("**Cenxi Haoyi Recycling**") is a joint venture company formed by Wuzhou Xingjian, Cenxi City Hengyi Investment Co., Ltd. ("**Cenxi Investment**") and Dongguan Haoyi Industrial Investment Co., Ltd. ("**Dongguan Haoyi**") in 2019 with the purpose of recycling material waste from mining, construction, manufacturing and other related activities in Longmu Village in Cenxi City, with such recycling material waste being used as a feedstock to ready-mix concrete manufacturing. Cenxi Haoyi Recycling was not fully operational until after November 2020. As of the date of this announcement, Cenxi Haoyi Recycling has a registered share capital of RMB 100 million and a paid-up share capital of RMB 30 million.
- 3.2. The joint venture parties have registered their intended shareholding proportions in Cenxi Haoyi Recycling with the relevant Chinese authorities, being: 24% to be held by Wuzhou Xingjian, 25% to be held by Cenxi Investment, and the remaining 51% to be held by Dongguan Haoyi. As of the date of this announcement, Wuzhou Xingjian has made capital contributions amounting to approximately RMB 9.6 million (representing approximately 32% of the total paid-up share capital) and Dongguan Haoyi has made capital contributions amounting to approximately RMB 20.4 million (representing approximately 68% of the total paid-up share capital). So as to achieve the aforementioned intended shareholding proportions, Cenxi Investment will, in due course, be transferring the land title of certain real properties currently held by it to Cenxi Haoyi Recycling as consideration for shares in Cenxi Haoyi Recycling.
- 3.3. Mr. Chen Yong Hua is a controlling shareholder of Dongguan Haoyi with a 55% shareholding in Dongguan Haoyi. Additionally, Mr. Chen Yong Hua holds 8.67% of Shares in the Company, and is the Executive Chairman and Executive Director of the Company. Hence, both before and after the intended shareholding proportions in Cenxi Haoyi Recycling are achieved, Mr. Chen Yong Hua will still hold, indirectly, more than 30% of the shares in Cenxi Haoyi Recycling in aggregate.
- 3.4. Accordingly, Cenxi Haoyi Recycling is considered to be an associate of Mr. Chen Yong Hua and deemed to be an "interested person" for the purposes of Chapter 9 of the Catalist Rules. Transactions entered into between the Subsidiaries and Cenxi Haoyi Recycling are therefore regarded as "interested person transactions" subject to Chapter 9 of the Catalist Rules.

4. DETAILS OF THE INTERESTED PERSON TRANSACTIONS

- 4.1. Details of the IPTs entered into between each of the Subsidiaries and Cenxi Haoyi Recycling from 1 June 2021 to 28 February 2022⁽¹⁾ are as follows:

Interested Person	Entity at Risk	Details of IPT	Aggregate Value of IPT (S\$'000)	As a percentage of the Group's latest available audited NTA ⁽²⁾ (%)
Cenxi Haoyi Recycling	Wuzhou Xingjian	Sale of Stones (as defined below) from Cenxi Haoyi Recycling to Wuzhou Xingjian as a raw material for the production of ready-mix concrete	2,324	2.85
Cenxi Haoyi Recycling	Cenxi Xingjian	Sale of Stones (as defined below) from Cenxi Haoyi Recycling to Wuzhou Xingjian as a raw material for the production of ready-mix concrete	264	0.33
Total			2,588	3.18

Notes:-

- (1) As set out in paragraph 3.1 of this announcement, Cenxi Haoyi Recycling was not fully operational until after November 2020. The aggregate value of the IPTs entered into between each of the Subsidiaries and Cenxi Haoyi Recycling for FY2021 thus did not cross the thresholds stipulated by Rules 905 and 906 of the Catalist Rules as to require immediate announcement or shareholder approval.
- (2) The percentages are calculated based on the latest available audited NTA of the Group, being S\$81,315,000 for the financial year ended 31 May 2021.

4.2. As the aggregate value of the IPTs is approximately S\$2,588,000 as of the date of this announcement (representing approximately 3.18% of the Group's latest audited net tangible assets of approximately S\$81,315,000 as at 31 May 2021), this announcement is made pursuant to Rule 905(2) of the Catalist Rules.

4.3. The IPTs were entered into between each of the Subsidiaries and Cenxi Haoyi Recycling on a willing buyer-willing seller basis on normal commercial and the terms of the purchase offered by each of the Subsidiaries were no more favourable than the terms extended to other existing suppliers or unrelated third parties. The prices charged were based on the terms of the sales contracts such as the prevailing market rates, transport costs, available quantity, stability of the supply, urgency of the delivery and specifications of the raw material transacted.

5. RATIONALE AND BENEFIT OF THE INTERESTED PERSON TRANSACTIONS

5.1. As described in paragraph 2 of this announcement, the Subsidiaries have been involved in the production of ready-mix concrete in Cenxi City, in furtherance of the Group's efforts to expand its ready-mix concrete production efforts. In view of the production requirements of the Subsidiaries, each of them have to enter into agreements with various suppliers in Cenxi City for the supply of raw materials to produce the ready-mix concrete, such as stone and sand.

5.2. However, the traditional method of obtaining such raw materials, mining, is subject to restrictions in China which may limit the availability of supply. Further, with the gradual recovery of the global economy following the impact of Covid-19, there has generally been an increasing demand of such raw materials by the construction sector globally, leading to a shortage that is causing prices of such raw materials to rise.

5.3. This shortage faced by the Subsidiaries may be alleviated by supplementing their existing sources of raw materials with supplies from Cenxi Haoyi Recycling. As described in paragraph 3 of this announcement, Cenxi Haoyi Recycling is able to produce the required feedstock for ready-mix concrete through alternative methods of recycling construction and manufacturing waste instead of traditional mining. Cenxi Haoyi Recycling produces the following:

- (a) stones that are 10mm to 20mm in diameter;
 - (b) stones that are 16mm to 31.5mm in diameter; and
 - (c) stones that are smaller than 10mm in diameter (as fine as sand), which is also known as machine-made sand and able to be used as an alternative to natural sand
- (collectively, the “**Stones**”).

As these Stones comprise main feedstocks for the production of ready-mix concrete, the availability of their supply will allow the Group to continue growing its ready-mix concrete business in Cenxi City, contributing positively to the Subsidiaries’ and in turn the Group’s financial performance in the long term. Additionally, sourcing Stones from Cenxi Haoyi Recycling contributes positively to environmental sustainability efforts.

- 5.4. Taking into consideration the above, the Board is of the view that the IPTs are beneficial to the Group.

6. AUDIT COMMITTEE’S STATEMENT

- 6.1. Having reviewed the terms of the IPTs, the rationale for the IPTs and the benefits to the Group, the Audit Committee of the Company is of the view that the IPTs have been conducted at arm’s-length and on normal commercial terms, and are not prejudicial to the interests of the Company and its minority shareholders.

7. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

- 7.1. Save as disclosed above, none of the other Directors or substantial shareholders of the Company has any interest, direct or indirect, in the IPTs save for their interest arising by way of their shareholdings in the Company if any.

8. FURTHER ANNOUNCEMENTS

- 8.1. As the Company anticipates that it will continue to enter in such transactions with the same interested person during FY2022 and that the future transactions entered into with the same interested person during FY2022 may exceed the threshold stipulated by Rule 906(1) of the Catalist Rules and require shareholders’ approval, the Company will be seeking shareholders’ approval at an EGM to be convened for such transactions, as well as the adoption of a general mandate for recurrent IPTs under Chapter 9 of the Catalist Rules.
- 8.2. The Company will, in due course and as required, make further announcements to inform shareholders of any material updates relating to the IPTs and the EGM to be convened.

BY ORDER OF THE BOARD

Neo Cheow Hui
Chief Executive Officer and Executive Director
25 March 2022

*This announcement has been prepared by the Company and its contents have 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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