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

PROPOSED SALE OF 49% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF GKE METAL 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**") wishes to update shareholders that the Company has today**,** executed a legally binding Memorandum of Understanding (the "**MOU**") with Hung Lin Holding Ltd (the "**Purchaser**") (a company duly incorporated and validly existing under the laws of the British Virgin Islands) and Li Jing (the "**Guarantor**") for the proposed sale of its 49% shareholding of the issued and paid up share capital of GKE Metal Logistics Pte Ltd ("**GKE Metal**") comprising 521,704 ordinary shares (the "**Sale Shares**") to the Purchaser (the "**Proposed Sale**").

1.2 In accordance with the terms of the MOU, the Company, the Purchaser and the Guarantor shall enter into a share purchase agreement in respect of the Proposed Sale ("**SPA**") within four (4) weeks from today.

2. INFORMATION ON GKE METAL AND THE GUARANTOR

2.1 GKE Metal was incorporated in Singapore on 12 April 1984 and has an issued and paid-up capital of S$1,064,703 comprising 1,064,703 ordinary shares. GKE Metal operates metal logistics services in Singapore and Shanghai, and is a warehouse operator approved by the London Metal Exchange ("**LME**") to take custody of non-ferrous metals traded on the LME.

2.2 GKE Metal has a 65%-owned subsidiary in China known as GKE (Shanghai) Metal Logistics Co., Ltd ("**GKE Shanghai**"). GKE Shanghai and its wholly-owned subsidiary in China, Shanghai GKE Logistics Co., Ltd ("**SGKEL**") are principally engaged in the business of storage, freight forwarding, warehousing, packing, removal and delivery services.

2.3 Upon completion of the Proposed Sale, GKE Metal, GKE Shanghai and SGKEL shall cease to be associated companies of the Company.

2.4 The Guarantor is a sole shareholder of the Purchaser and also indirectly holds 35% shareholding of GKE China Investment Pte. Ltd. and Van der Horst Logistics Limited, (which are 65%-owned subsidiaries of the Company), and GKE Shanghai, through Hung King Holdings Limited.

3. PURCHASE CONSIDERATION OF THE SALE SHARES

3.1 The aggregate purchase consideration for the Sale Shares is S$4,200,000 (the "**Purchase Consideration**"), which was arrived at on a willing buyer and willing seller basis, after taking into account the consolidated net tangible asset value of GKE Metal, GKE Shanghai and SGKEL (the "**Target Group**") as set out in its balance sheet as at 30 November 2015.

3.2 The Purchase Consideration will be satisfied by the Purchaser in cash payable in three (3) instalments in the following manner:

(i) S$2,000,000 on the date of signing the SPA;

(ii) S$1,000,000 upon completion of the SPA or one (1) month after signing the SPA (whichever is later); and

(iii) the balance sum of S$1,200,000 payable one (1) month after completion of the SPA or two (2) months after signing the SPA (whichever is later).

3.3 The payment of the Purchase Consideration by the Purchaser in the manner set out in paragraph 3.2 shall be guaranteed by the Guarantor.

4. MATERIAL CONDITIONS OF THE PROPOSED SALE

4.1 SPA and Completion

The parties have agreed to use their best efforts to progress the Proposed Sale in accordance with the following timeframe:

(i) the parties shall negotiate on and execute the definitive agreements in respect of this Proposed Sale, including the SPA, within four (4) weeks of signing the MOU;

(ii) the parties shall procure the satisfaction of the conditions precedent (as set out in paragraph 4.2) applicable to it within four (4) weeks of signing the SPA and the completion of the Proposed Sale on 29 February 2016 or such other date mutually agreed between the parties.

4.2 Conditions Precedent

Completion of the Proposed Sale is conditional upon the fulfillment or waiver of, *inter alia*, the following non-exhaustive list of conditions precedent:

(i) Subject to the approval of LD Commodities Metals Asia Pte Ltd ("**LDC**") to conduct due diligence on GKE Metal, a confirmatory due diligence shall have been carried out on the Target Group, the result of which is satisfactory to the Purchaser;

(ii) Formal waiver of pre-emption rights and prior written consent are obtained from LDC in respect of the transfer of Sale Shares pursuant to the existing Shareholders Agreement between the Company, LDC and GKE Metal dated 9 March 2012;

(iii) Subject to the preceding paragraph, the Purchaser enters into a Deed of Adherence in accordance with the existing Shareholders Agreement between the Company, LDC and GKE Metal dated 9 March 2012, agreeing to be bound by the terms contained therein in place of the Company upon completion of the Proposed Sale;

(iv) The SPA shall have been executed by the parties, without any substantial amendments to its terms and conditions thereof or imposition of any other additional substantial obligations on any party except as may have been agreed in writing by the parties;

(v) The service agreement for the Leasehold Property (as defined below) between GKE Warehousing & Logistics Pte Ltd and GKE Metal shall be valid and fulfilled continuously, subject to the execution of a deed of variation to reflect the terms provided in Item 9(ii) of the MOU;

(vi) GKE Metal's name remains unchanged and the Company consents to the use of the name containing the term "GKE" for a consecutive one year after completion of the Proposed Sale. For the avoidance of doubt, GKE Metal shall not be entitled to use the term "GKE" in the conduct of its business, including the use of "GKE" or a phrase that is similar to "GKE" in any name, company logos, stationery or signage after one year following completion of the Proposed Sale;

(vii) The Company shall have the unlimited and unrestricted right to keep using the Chinese name "捷开依(上海)物流有限公司" after completion of the Proposed Sale;

(viii) All authorizations, consents, clearances, permissions and approvals as are necessary under any and all applicable laws from all relevant governmental authorities for the Proposed Sale have been obtained by the Company and not having been withdrawn or revoked, which shall include but not be limited to the LME qualification, and the Company shall procure that the Leasehold Property be valid and qualified as necessary for GKE Metal to maintain its LME qualification;

(ix) Approval of the Proposed Sale from the board of directors of GKE Metal, particularly the transfer of the Sale Shares, and its consent to update filing of the corporate records of GKE Metal to reflect such transfer;

(x) Approval of the Company's shareholders in an extraordinary general meeting (where necessary) being obtained for the Proposed Sale in accordance with the terms and conditions of the SPA, including, inter alia, the sale of the Sale Shares as a major transaction and such other matters as are necessary in compliance with the relevant provisions of the Catalist Rules;

(xi) Official announcements in relation to the Proposed Sale in accordance with the rules of SGX-ST having been released by the Company;

(xii) None of the parties shall be in material breach of the SPA and no event of force majeure shall have occurred and/or be continuing;

(xiii) The representations and warranties of the Company contained in the SPA shall have been true and correct when made and shall be true and correct in all material respects as of the completion of the Proposed Sale.

4.3 Leasehold Property

(i) The Company, GKE Metal and GKE Warehousing & Logistics Pte Ltd have entered into a warehouse services agreement dated 20 June 2012 (the "**Warehouse Services Agreement**") for the lease and use of the warehouse premises located at 1 Jalan Besut Singapore 619554 ("**Leasehold Property**").

(ii) Following completion of the Proposed Sale, the Purchaser shall procure the GKE Metal to agree to the early termination of the Warehouse Services Agreement, 6 months prior to the Termination Date (as defined in the said agreement), and enter into a deed of variation to reflect the agreement for such early termination.

5. THE VALUE OF THE SALE SHARES AND INTENDED USE OF SALE PROCEEDS

5.1 The latest unaudited consolidated net tangible asset value ("**NTA**") and the net asset value of the Sale Shares as at 30 November 2015 were approximately S$2,477,570 and S$7,561,789 respectively.

5.2 No valuation was commissioned by the Company or the Purchaser in respect of the Sale Shares.

5.3 The net loss from the Proposed Sale over the net asset value of the Sale Shares is approximately S$3,361,789, and the net gain from the Proposed Sale over the NTA is approximately S$1,722,430.

5.4 The proceeds from the Proposed Sale will be used for general working capital purposes.

6. RATIONALE FOR THE SALE

The Company wishes to dispose of the Sale Shares so that the Group can focus its efforts and utilise all its available resources to further develop the Group's general

logistics business to become a total integrated and comprehensive logistic solutions and service provider. The sale of GKE Metal will free up some of the Group's resources to enable the Group to have better focus in expanding its business in strategically planned opportunities.

7. FINANCIAL EFFECTS OF THE PROPOSED SALE

The financial effects of the Proposed Sale on the Group set out below are purely for illustrative purposes only and do not reflect the future actual financial position of the Company or the Group after completion of the Proposed Sale.

The financial effects of the Proposed Sale were calculated based on the latest audited consolidated financial statements of the Group for the financial year ended 31 May 2015 ("**FY2015**") and the last audited consolidated financial statements of the Target Group for the financial year ended 31 May 2015.

7.1 NTA

The financial effect of the Proposed Sale on the NTA per share of the Group for FY2015, assuming that the Proposed Sale had been effected as at 31 May 2015 is as follows:

	NTA per share
Before the Proposed Sale	11.50 **cents**[1]
After the Proposed Sale	10.97 **cents**[2]

7.2 Earnings per share

The financial effect of the Proposed Sale on the earnings per share of the Group for FY2015, assuming that the Proposed Sale had been effected on 31 May 2015 is as follows:

	Earnings per share
Before the Proposed Sale	-0.78 **cents**[3]
After the Proposed Sale	-1.47 **cents**[4]

Notes:

(1) This is based on the NTA of S$73,724,000 and 641,125,290 shares.

(2) This is based on the NTA of S$70,362,211 and 641,125,290 shares.

(3) This is based on the loss of S$3,821,000 attributable to the shareholders of the Company and 489,363,030 weighted average number of shares.

(4) This is based on the loss of S$7,182,789 attributable to the shareholders of the Company and 489,363,030 weighted average number of shares.

8. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

The relative figures for the Proposed Sale 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 net asset value of the Sale Shares of S$7,561,789 represents approximately 9.11% of the Group's net asset value as at 30 November 2015. The Group's net asset

Listing Rule	Content	Relative Figure
		value (total assets less total liabilities) was $83,029,000.
1006(b)	Net profits attributable to the assets acquired or disposed of, compared with the group's net profits	The net loss attributable to the Sale Shares for the period of 6 months ending 30 November 2015 of S$ 136,902 represent approximately -52.25% of the Group's net profits as at 30 November 2015. The Group's net profits (profit before tax and non-controlling interest) for the period of 6 months ending 30 November 2015 was $262,000.
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$4,200,000 for the Proposed Sale represents approximately 8.51% of the Company's market capitalisation of approximately S$ 49,366,647 as at 15 January 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	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

Having regard to the computations of Rules 1006(a) and 1006(c) above, the Proposed Sale will constitute a "Discloseable Transaction" under Rule 1010 of the Catalist Rules.

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

The Company and its Directors and controlling shareholders are not related to the Purchaser.

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Sale, other than through their respective shareholdings (if any) in the Company.

10. SERVICE CONTRACT

No person will be appointed to the Board in connection with the Proposed Sale and no service contracts in relation thereto will be entered into by the Company.

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
18 January 2016

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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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