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

PROPOSED DIVESTMENT OF THE ENTIRE SHAREHOLDING IN OCEAN LATITUDE LIMITED

---

1. INTRODUCTION

The Board of Directors (the "**Board**") of GKE Corporation Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wish to update shareholders of the Company (the "**Shareholders**") that GKE Shipping Limited (the "**Vendor**"), being a wholly-owned subsidiary of the Company, has on 15 December 2017 entered into a Sale and Purchase Agreement (the "**SPA**") with, *inter alia*, Sunrise Marine Limited (the "**Purchaser**"), for the proposed divestment (the "**Proposed Divestment**") of the Vendor's entire shareholding in Ocean Latitude Limited ("**Ocean Latitude**"), being 6,840 shares representing 50% of the total share capital of Ocean Latitude (the "**Sale Shares**"), to the Purchaser.

2. INFORMATION ON OCEAN LATITUDE AND THE PURCHASER

2.1 Ocean Latitude was incorporated on 20 January 2016 in the British Virgin Islands with an issued and paid-up capital of US$13,680,000, consisting of 13,680 ordinary shares, and is principally engaged in investment and investment holding activities. As at the date of this Announcement, Ocean Latitude has a sole wholly-owned subsidiary, being Gas Aries Limited ("**Gas Aries**"), which was incorporated on 29 January 2016 in Hong Kong an issued and paid-up capital of US$13,680,000, consisting of 13,680 ordinary shares.

2.2 The Purchaser was incorporated in the British Virgin Islands and Mr. Liu Ji Chun ("**LJC**"), who is a Director of the Company, holds a direct shareholding interest of 100% in the Purchaser. Accordingly, the Purchaser is an associate of LJC and is an "interested person" within the meaning of Chapter 9 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Trading Securities Limited ("**SGX-ST**") ("**Catalist Rules**").

2.3 The Vendor and the Purchaser hold the entire issued and paid-up capital of Ocean Latitude in equal proportions, pursuant to a joint venture and restructuring exercise conducted earlier (the "**Joint Venture**"). Please refer to the Company's announcement on 2 February 2016 for further information.

3. SALE CONSIDERATION

3.1 Under the terms of the SPA, the aggregate sale consideration for the Sale Shares is US$1,081,511 (the "**Sale Consideration**"), to be satisfied in cash by the Purchaser on completion of Proposed Divestment ("**Completion**").

3.2 The Sale Consideration was determined by the parties based on a willing-buyer-willing-seller basis taking into consideration the value of the major assets in Ocean Latitude and its loss-making position.

4. RATIONALE FOR THE PROPOSED DIVESTMENT

4.1 Following the emergence of new supplies of vessel into market coupled with the downturn of the oil and gas industry, the demand for the vessel owned by Gas Aries has decreased. In addition, notwithstanding the charter rate and/or demand, Ocean Latitude has to bear significant expenses for the maintenance of the vessel. As such, Ocean Latitude has not been a profitable business for the past financial year.

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 Proposed Divestment 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 Shareholders moving forward.

5. SALIENT TERMS

5.1 Conditions Precedent

The sale of the Sale Shares is conditional upon the following conditions precedent being fulfilled:

(i) all consents, approvals and authorisations of bankers, financial institutions, relevant third parties, government or regulatory authorities which are necessary or desirable in connection with the transfer of the Sale Shares from the Vendor to the Purchaser and the Purchaser having obtained legal and beneficial title to the Sale Shares (including waivers of pre-emption rights by the existing shareholders of the Company and consents from existing bankers), and if subject to conditions, on such conditions acceptable to the Purchaser and the Vendor, prior to the Completion Date, and such consents and approvals remaining in full force and effect and not being revoked;

(ii) the approval of the board of directors and shareholders of the Vendor in an extraordinary general meeting (if required), and the approval and consents of any regulatory authorities (where necessary), in relation to the following;

(a) the sale of the Sale Shares by the Vendor to the Purchaser (including without limitation, the listing rules under Chapters 9 and 10 of Catalist Rules, where applicable); and

(b) such other corporate action(s) in connection with the transactions contemplated by this Agreement;

(iii) the termination of the Shareholders' Agreement on such terms acceptable to both the Vendor and the Purchaser;

(iv) the discharge of all security and guarantee(s) (if any) provided by the Vendor (or any affiliate of the Vendor) to any bank, financial institution or financier relating to any loan granted in favour of the Group;

(v) the Vendor 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 this Agreement, 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; and

(vi) all representations, warranties and undertakings of the Vendor and the Purchaser under this Agreement being complied with, and being true, accurate and correct in all respects as at the Completion Date, as if repeated at Completion and at all times between the date hereof and Completion.

5.2 Existing Shareholder Loan

5.2.1 Pursuant to the Joint Venture, the Vendor had provided a shareholder loan of US$4,440,000 (the "**Shareholder Loan**") to Ocean Latitude, which shall be repaid by Ocean Latitude in four (4) quarterly installments from the Completion Date up to one (1) year after the Completion Date.

5.2.2 Mr. Liu Ji Chun ("**LJC**"), who holds a direct shareholding interest of 100% in the Purchaser, will provide a personal guarantee in favour of the Vendor to secure full repayment of the Shareholder Loan in accordance with the terms of the SPA.

6. LOSS ON THE PROPOSED DIVESTMENT AND USE OF PROCEEDS

6.1 The Company will recognize a net loss of approximately S$6,900,000 from the Proposed Divestment, subject to any accounting adjustments which may be necessary upon the finalization of the transaction.

6.2 The Company intends to utilize the Sale Consideration to finance its working capital requirements.

7. THE PROPOSED DIVESTMENT AS AN INTERESTED PERSON TRANSACTION

7.1 Under Chapter 9 of the Catalist Rules, where a listed company proposes to enter into a transaction with its director, chief executive officer or controlling shareholder or any of their associates, shareholders' approval and/or an immediate announcement is required in respect of that transaction if its value is equal to or exceeds certain financial thresholds. In particular, shareholders' approval is required where the value of such transaction with any such persons is equal to or more than:-

(a) 5.0% of the Group's latest audited NTA; or

(b) 5.0% of the Group's latest audited NTA, when aggregated with the value of all other transactions entered into with the same interested person during the same financial period.

7.2 As at the date of this announcement, the entire share capital of the Purchaser is held by LJC and hence, Purchaser is an associate (as defined under the Catalist Rules) of LJC. Accordingly, the Purchaser is an "interested person" under Chapter 9 of the Catalist Rules and the Proposed Divestment is an "interested person transaction", being a transaction between the Vendor (being an "entity at risk") and the Purchaser (being an "interested person") within Chapter 9 of the Catalist Rules.

7.3 Based on the Company's latest audited accounts for the financial year ended 31 May 2017 ("**FY2017**"), its consolidated NTA as at 31 May 2017 was approximately S$74,324,000. The total value of all interested person transactions (excluding transactions less than S$100,000) with the Purchaser (and/or its associate(s)) for the current financial year ending 31 May 2018 up to the date of this announcement is S$1,461,987, which represents approximately 2.0% of the Company's latest audited consolidated NTA.

8. AUDIT COMMITTEE STATEMENT

Pursuant to Rule 917(4) of the Listing Manual, the Audit Committee is obtaining an opinion from an independent financial adviser and will form its view as to whether the Proposed Divestment is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders. The Company will make a further announcement on the Audit Committee's view on the Proposed Divestment in due course.

9. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

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	10.4%. The unaudited net asset value of the Sale Shares is S$9,228,000 as at 31 May 2017. The audited net asset value of the Group is S$88,364,000 as at 31 May 2017.
1006(b)	Net profits attributable to the assets acquired or disposed of, compared with the group's net profits	1.8%. The unaudited net loss attributable to the Sale Shares is approximately S$41,000 as compared to the Group's audited net loss attributable to the shareholders of S$2,270,000 for the financial year ended 31 May 2017.
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$1,081,511 (approximately S$1,455,930 based on the exchange rate of US$1:S$1.3462) for the Proposed Divestment represents approximately 2.3% of the Company's market capitalisation of approximately S$61,967,870 as at 15 December 2017 (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

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

10. FINANCIAL EFFECTS OF THE PROPOSED DIVESTMENT

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 end of FY2017; and (ii) the earnings per share of the Company (assuming that the Proposed Acquisition had been effected at the beginning of FY2017) based on the audited financial statements of the Company for FY2017, are set out below:

(i) NTA per share

	NTA per share
Before the Proposed Divestment	**11.6 cents**[1]
After the Proposed Divestment	**10.6 cents**[2]

(ii) Earnings per share

	Earnings per share
Before the Proposed Divestment	**(0.34 cents)**[3]
After the Proposed Divestment	**(0.34 cents)**[4]

Notes:

(1) This is based on the NTA of S$79,537,000 and 683,532,000 shares.

(2) This is based on the NTA of S$72,637,000 and 683,532,000 shares.

(3) This is based on the loss attributable to shareholders of S$2,270,000 attributable to the shareholders of the Company and 658,077,000 weighted average number of shares.

(4) This is based on the loss attributable to shareholders of S$2,229,000 attributable to the shareholders of the Company and 658,077,000 weighted average number of shares.

11. FURTHER INFORMATION

11.1 Interest of Directors and Substantial Shareholders

Save for their respective shareholdings in the Company and LJC's interest in the Purchaser as disclosed above, none of the Directors or substantial shareholders of the Company have any interest, direct or indirect, in the Proposed Divestment.

11.2 Directors' Service Contracts

There are no directors proposed to be appointed to the Company in connection with the Proposed Divestment.

11.3 Shareholders' Approval

The Company is in consultation with the Sponsor on whether shareholders' approval is required for the Proposed Divestment and where required, the Company will make further announcement and seek shareholders' approval in an extraordinary general meeting.

12. DOCUMENTS FOR INSPECTION

A copy of the SPA is available for inspection at the registered office of the Company at 39 Benoi Road Singapore 627725, 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
15 December 2017

---

*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:

Name: Mr. Leong Weng Tuck (Registered Professional, RHT Capital Pte. Ltd.)
Address: 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619
Tel: 6381 6757