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

SALE AND PURCHASE AGREEMENT RELATING TO THE PURCHASE OF 80% OF THE ISSUED SHARE CAPITAL OF MARQUIS SERVICES 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 on **26 October 2015,** executed a definitive Sale and Purchase Agreement (the "**SPA**") with a third party, R W Marine Services Pte. Ltd. ("**RW**") (the Company and RW shall collectively be known as the "**Purchasers**") and Goh Lay Nah ("**GLN**") and Choo Thean Swee ("**CTS**") (GLN and CTS shall collectively be known as the "**Vendors**") for the purchase of 40,000 ordinary shares in the capital of Marquis Services Pte Ltd ("**Marquis**") (the "**Sale Shares**") in the following proportions:

(i) 87.5% of the Sale Shares to the Company (being 35,000 shares); and

(ii) 12.5% of the Sale Shares to RW (being 5,000 shares),

(the "**Acquisition**").

1.2 The Sale Shares represent 80% of the total issued and paid-up shares in Marquis. Upon the completion of the Acquisition ("**Completion**"), the Company, GLN and RW will hold 70%, 20% and 10% respectively of the entire issued and paid-up capital of Marquis.

2. INFORMATION ON MARQUIS

Marquis is a company incorporated on 10 August 2001 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$50,000 divided into 50,000 ordinary shares. As on the date of this Announcement, GLN and CTS hold 35,000 and 15,000 ordinary shares respectively in Marquis. Marquis is principally engaged in the business of providing stevedoring and lighterage services, freight forwarding, crating and the transportation of marine materials by sea.

3. PURCHASE CONSIDERATION OF THE SALE SHARES

3.1 The aggregate purchase consideration for the Sale Shares is S$3.36 million (the "**Purchase Consideration**"), to be partly satisfied in cash and partly by up to 5,000,000 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 up to 5,000,000 Consideration Shares to be issued by the Company. The portion of the Purchase Consideration payable by the Company (including Consideration Shares) is S$2.94 million and by RW is S$420,000.

3.2 The Consideration Shares shall be satisfied via an issue of new shares or a transfer of treasury shares in the Company to GLN at the issue price of S$0.125 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 (the "**Completion Date**") completion is to take place after the fulfilment or waiver of the conditions precedent set out in the SPA (the "**Conditions Precedent**").

3.3 As stated in paragraph 5.3 below, if the Audited Accounts (as defined below) show that the Actual NPBT is equal to or more than the Target NPBT (as defined below), the Company shall issue or transfer the Consideration Shares to GLN within 14 days after ascertaining the Actual NPBT. In addition, if the Audited Accounts show that the Actual NPBT is less than the Target NPBT (the "**Shortfall**") and the Shortfall is equal to or less than S$625,000, the Company shall issue or transfer such number of Consideration Shares to be computed based on a prescribed formula to GLN within 14 days after ascertaining the Actual NPBT. The Purchase Consideration payable to GLN shall be reduced in the event that the Actual NPBT is less than the Target NPBT for the financial periods from 1 December 2015 to 30 November 2016 and from 1 December 2016 to 30 November 2017.

3.4 The Consideration Shares shall be issued in reliance of the general mandate obtained from shareholders of the Company at the annual general meeting on 29 September 2015. The issue price per Consideration Share is at 38.9% premium to the weighted average price for trades of the Consideration Shares for the full market day preceding the date of the SPA. The percentage of the number of Consideration Shares to (i) the total number of issued ordinary shares in the capital of the Company on the date of the SPA, and (ii) the total number of issued ordinary shares in the enlarged share capital of the Company after the completion of the Acquisition is 0.8% and 0.8% respectively (assuming 5,000,000 Consideration Shares will be issued upon completion of the Acquisition).

3.5 The portion of the Purchase Consideration to be satisfied in cash shall be payable by the Purchasers on the Completion Date.

3.6 The Purchase Consideration was arrived on a "willing buyer-willing seller basis", after taking into account, *inter alia*, the future profitability of Marquis in light of the profit guarantee referred to in paragraph 5.3 below, the historical profitability of Marquis for the financial years of 2013 and 2014 and the financial period from 1 January 2015 to 31 August 2015 and the future business potential of Marquis.

4. THE VALUE OF THE SALE SHARES

4.1 Based on the unaudited financial statements of Marquis for the 3 month financial period ended 30 September 2015, the net tangible asset value of the Sale Shares as at 30 September 2015 and the net profit attributable to the Sale Shares acquired by the Company for the 3 month financial period ended 30 September 2015 were S$194,009 and S$1,675,611 respectively, in respect of 70% of the ownership in Marquis, to be acquired by the Company.

4.2 No valuation was commissioned by the Company in respect of the Sale Shares.

5. MATERIAL CONDITIONS OF THE ACQUISITION

5.1 Conditions Precedent

Completion is conditional upon the fulfillment or waiver of, *inter alia*, the following conditions precedent:

(i) the Purchasers being satisfied with the results of the due diligence investigation on Marquis carried out by a professional service firm engaged by the Purchasers;

(ii) all necessary consents in connection with the transfer of the Sale Shares being obtained and the Purchasers having obtained legal and beneficial title to the Sale Shares (including waivers of pre-emption rights by the existing shareholders of Marquis) prior to the Completion Date;

(iii) the approval of the shareholders of the Company in an extraordinary general meeting (where necessary) being obtained for the transactions contemplated and upon the terms and conditions set out in the SPA;

(iv) no material contract, lease, licence or other similar commercial arrangement of Marquis and its subsidiaries would be terminated or adversely affected as a result of a change in the legal and beneficial title to the Sale Shares;

(v) there being no material adverse change (as reasonably determined by the Purchasers) in the corporate structure, management team, principal activities, prospects, operations, assets, business, profits, financial condition of Marquis occurring on or before the Completion Date;

(vi) the receipt of the resignation notice (providing a notice period of 2 months) given by CTS to Marquis for his resignation of employment and as a director of Marquis to take effect on the Completion Date, and written confirmation from CTS that he has no claims or rights against Marquis in respect of any matter;

(vii) GLN and/or any other person(s) identified by the Company having entered into a service agreement with Marquis (the "**Service Agreement**") for a period of 3 years commencing from the Completion Date on such terms and conditions acceptable to the Company;

(viii) the execution of a shareholders' agreement in respect of Marquis on terms to be mutually agreed upon by the relevant parties; and

(ix) the sale and transfer of 51% of the total issued shares of Duchess (defined below) held by Marquis to the existing shareholders of Duchess having taken place and there is no outstanding sums, debts or liabilities (including actual and contingent) due and owing by Marquis to any shareholder of Duchess, and all corporate guarantees or indemnity given by Marquis to any third party to secure the liabilities of Duchess shall be discharged or fully indemnified by Duchess, the Vendors and shareholders of Duchess by way of a counter-indemnity.

The long-stop date to fulfil the Conditions Precedent is the date falling 6 months from the date of the SPA.

5.2 Acquisition of 7 Kwong Min Road, Singapore from Duchess Logistics & Whsg Pte. Ltd. ("**Duchess**")

Duchess is an investment holding company incorporated in Singapore on 8 September 2011. Marquis currently holds 51% of the total issued shares of Duchess (the "**Duchess Shares**") and the remaining 49% of the Duchess Shares are held by CTS and some third parties. Duchess currently holds the property located at 7 Kwong Min Road Singapore 628710 (the "**Property**") which is used by Marquis. Prior to the Completion, Marquis will dispose of its 51% stake in Duchess to the remaining shareholders of Duchess.

The Vendors have provided a post-completion undertaking in the SPA to procure that Marquis acquires the Property at the sale price of S$5,400,000 on the following, *inter alia*, principal terms:

(i) the contract for the sale and purchase of the Property shall be entered into between Marquis and Duchess no later than 3 months after the Completion Date;

(ii) the terms and conditions of the sale and purchase of the Property, which are subject to the prior approval of the Purchasers (if entered prior to Completion), are customary for transactions of a similar nature; and

(iii) Duchess shall obtain the necessary consents, approvals and authorizations in connection with the sale of the Property to Marquis prior to the completion of the sale of the Property.

5.3 Profit Guarantee

(i) GLN undertakes to procure that the actual net profit before tax as reflected in the accounts of Marquis, excluding non-recurring, one-off or other extraordinary items and any gain arising from the sale of Duchess by the Company, and adding back the depreciation for all fixed assets of Marquis (other than the depreciation of the Property) for the financial periods from 1 December 2015 to 30 November 2016 and from 1 December 2016 to 30 November 2017 (the "**Actual NPBT**") shall not be less than the total sum of S$2,800,000 (the "**Target NPBT**"), as ascertained from the audited financial statements of Marquis for its financial periods from 1 December 2015 to 30 November 2016 and from 1 December 2016 to 30 November 2017 respectively (the "**Audited Accounts**").

(ii) If the Audited Accounts show that the Actual NPBT is equal to or more than the Target NPBT, the Company shall issue or transfer the Consideration Shares to GLN within 14 days after ascertaining the Actual NPBT.

(iii) If the Audited Accounts shows that the Actual NPBT is less than the Target NPBT (the "**Shortfall**") and:

(a) where the Shortfall is equal to or less than the sum of S$625,000, the Company shall issue or transfer the Consideration Shares to GLN within 14 days after ascertaining the Actual NPBT based on the following formula (to be rounded to the nearest whole number):

Number of Consideration Shares = Actual NPBT / Target NPBT x 5,000,000; or

(b) the Shortfall exceeds the sum of S$625,000, the Company shall not issue or transfer the Consideration Shares to GLN. In addition, GLN shall compensate the Purchasers a sum in cash to be computed based on the following formula (the "**NPBT Compensation Sum**"):

NPBT Compensation Sum = Shortfall – S$625,000,

in the following proportions within 14 days after ascertaining the Actual NPBT:

(1) 12.5% of the NPBT Compensation Sum to RW; and

(2) 87.5% of the NPBT Compensation Sum to the Company.

5.4 Moratorium

GLN has provided a moratorium undertaking in respect of the Consideration Shares for a period of 3 years after the Completion Date.

5.5 Pre-completion Dividends

The Vendors are entitled to declare such amount of dividends from Marquis prior to Completion that is equivalent to the total accounts receivables ("**AR**") owing, due and accrued up to and as at 30 November 2015 ("**Vendors' AR**") less such sums to settle and account for the following items:

(i) The total amount of "Trade Creditors" being all trade payables and other payables owing to the creditors of Marquis which are due and accrued up to and as at 30 November 2015;

(ii) The total amount of "Other Liabilities" owing to the creditors of Marquis after deducting the amount of "Employee Loan" owing, due and accrued up to and as at 30 November 2015;

(iii) Provision for income tax payable or accrued in respect of the profits of Marquis attributable up to 30 November 2015 (to be estimated if such figure has not been provided in the accounts); and

(iv) The net amount of goods and services tax accrued or payable by Marquis up to and as at 30 November 2015 (if any)

5.6 Pre-Completion Dividends

In the event that Marquis does not have sufficient cash based on the available balances recorded in the bank accounts of Marquis as at 30 November 2015 to pay for all the dividends declared pursuant to paragraph 5.5 above, the outstanding dividends due and owing to the Vendors shall automatically be converted into a loan representing the equivalent amount of unpaid dividends owing to each of the Vendors subject to the following terms:

(i) Such loans shall be free of interest and shall not be due or payable by Marquis to the respective Vendors until the remaining Vendors' AR have been fully collected by Marquis; and

(ii) In respect of any portion of the remaining Vendors' AR that have not been collected by Marquis at the end of 6 months from 30 November 2015, each of the Vendors agrees with and undertakes to the Purchasers that they shall waive payment in respect all such uncollected portion, and discharge Marquis from liability to pay such loans.

6. RATIONALE FOR THE ACQUISITION

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

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

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

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

7. DISCLOSURE UNDER RULE 1013 OF THE CATALIST RULES

(i) Having reviewed, *inter alia*, the terms and rationale of the Acquisition and the financial effects thereof, the Board accepts the profit guarantee after due and careful enquiry and is of the view that the profit guarantee is reasonable, appropriate and is in the interest of the Company. Other factors taken into consideration and basis for such view are the historical net profits of Marquis for its financial years of 2013 and 2014, and the financial period from 1 January 2015 to 31 August 2015.

(ii) The quantum of the profit guarantee is based on reasonable assumptions from past results and information, current year's performance and the Target NPBT of Marquis.

(iii) As stated in paragraph 5.3 above, in the event the Target NPBT is less than S$2,800,000 and the Shortfall exceeds the sum of S$625,000, GLN shall compensate the Purchasers.

(iv) A moratorium period of 3 years after the Completion Date is imposed on the Consideration Shares. In addition, if the Target NPBT is not met as stated in paragraph 5.3 above, the Company will issue or transfer some only of the 5,000,000 Consideration Shares to GLN based on a prescribed formula, or will not issue or transfer the Consideration Shares to GLN.

Further details are set out in paragraphs 5.3 and 5.4 above.

8. SOURCE OF FUNDS FOR THE 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.

9. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

The relative figures for the 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 of, compared with the group's net profits	Not meaningful. The unaudited net profit attributable to the Sale Shares purchased by the Company for the 3 month financial period ended 31 August 2015 of approximately S$483,846 as compared with the Group's unaudited net loss of S$102,000 for the three month financial period ended 31 August 2015.[2]
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$2,922,000[1, 3(i) & 3(ii)] for the Acquisition represents approximately 5.07% of the Company's market capitalisation of approximately S$57,701,276 as at 23 October 2015 (being the last market day preceding the date of the SPA). Taking into account Marquis' acquisition of the Property at the sale price of S$5.4 million and assuming that the total value of the consideration of S$8,322,000[1, 3(i), 3(ii) & 3(iii)], the Acquisition represents approximately 14.42% of the Company's market capitalisation of approximately S$57,701,276 as at 23 October 2015 (being the last market day preceding the date of the SPA).

Listing Rule	Content	Relative Figure
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 5,000,000 ordinary shares proposed to be issued or transferred by the Company as part consideration to the Vendors for the Acquisition represents approximately 0.8% of the total issued share capital of the Company of 641,125,290 Shares (excluding 5,417,000 treasury shares) as at the date hereof. [4]
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:

(1) This assumes that the 5,000,000 Consideration Shares will be issued upon completion of the Acquisition.

(2) *The net profits attributable to the Sale Shares*: This is derived by multiplying the net profit before tax, minority interests and extraordinary items in the unaudited accounts of Marquis for the 3 month financial period from 1 June 2015 to 31 August 2015 by 70%.

The Group's net profit: This is taken from the Group's net profit before tax, minority interests and extraordinary items for the 3 month financial period ended 31 August 2015.

Based on the unaudited net profit attributable to the Sale Shares purchased by the Company for the 3-month financial period ended 31 August 2015 of approximately S$483,846 as compared with the Group's unaudited net loss of S$102,000 for the 3-month financial period ended 31 August 2015, the relative figure is -474.35%.

(3) *Aggregate value of the consideration given*: This is derived from the sum of the following:

(i) the cash component of the Purchase Consideration payable by the Company;

(ii) the net asset value of the Consideration Shares as at 31 May 2015; and

(iii) the consideration for Marquis' purchase of the Property of S$5,400,000.

(4) The Consideration Shares shall be satisfied via an issue of new shares or a transfer of treasury shares to GLN. In this regard, this figure assumes that all the Consideration Shares are satisfied via an issue of new shares to GLN.

As the relative figure under Rule 1006(c) exceeds 5% but is less than 75%, the Acquisition constitutes a "Discloseable Transaction" under Rule 1010 of the Catalist Rules.

10. FINANCIAL EFFECTS OF THE ACQUISITION

The tables illustrating the effects of the Acquisition (based on Marquis currently holding 51% of Duchess) on the (i) net tangible asset ("**NTA**") per share of the Company (assuming the Acquisition had been completed at the end of the financial year ended 31 May 2015 ("**FY2014**"); and (ii) the earnings per share of the Company (assuming that the Acquisition had been effected at the beginning of FY2014) based on the audited financial statements of the Company for FY2014, are set out below:

(i) NTA per share

	NTA per share
Before the Acquisition	**11.61 cents**[5]
After the Acquisition	**11.19 cents**[6]

(ii) Earnings per share

	Earnings per share
Before the Acquisition	**-0.78 cents**[7]
After the Acquisition	**-0.77 cents**[8]

Notes:

(5) This is based on the NTA of S$74,439,000 and 641,125,290 shares.

(6) This is based on the NTA of S$72,318,000 and 646,125,290 shares.

(7) 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.

(8) This is based on the loss of S$3,821,000 attributable to the shareholders of the Company and 494,363,030 weighted average number of shares.

11. 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 Acquisition. None of the directors or substantial shareholders of the Company is related to RW (one of the Purchasers) or any the Vendors.

12. SERVICE CONTRACT

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

13. DOCUMENTS FOR INSPECTION

A copy of the SPA 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
26 October 2015

*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.

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