



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

PROPOSED DIVERSIFICATION

1. INTRODUCTION

The Board of Directors (“**Board**”) of GKE Corporation Limited (“**Company**”, and, together with its subsidiaries, “**Group**”) wishes to announce that the Group proposes to diversify its business of its existing core business, being that of an integrated warehousing and logistics solutions provider with strategic investments in infrastructural materials and services business in the People’s Republic of China (together, “**Existing Business**”), to include the agriculture business (“**New Business**”) (“**Proposed Diversification**”).

2. INFORMATION ON THE PROPOSED DIVERSIFICATION

2.1. Background

The Group intends to foray into the agriculture segment and provide indoor farming solutions, through research, production trials and using high-tech indoor technology for operating of indoor farming in a controlled environment. The indoor farm would be using a Controlled Environment Agriculture (“**CEA**”) approach, controlled by automation and sensors. The aim of the CEA approach is to provide protection and maintain optimal growing conditions throughout the development of the crop.

The Group intends to initially produce locally grown vegetables in Singapore which is aligned with the Singapore Government’s initiative to promote its “30 by 30” goal, i.e. to produce 30% of Singapore’s nutritional needs locally by 2030. The Group may also invest in or dispose of shares or interests in any entity that is in the New Business and provide indoor farming solutions to other third parties based on the expertise it builds from conducting its own indoor farming. For the avoidance of doubt, the Group does not plan to restrict the New Business to any specific geographical market as each investment will be evaluated and assessed by the Board on its merits. The Group may also explore joint ventures, partnerships, cooperation and/or strategic alliances with third parties who have the relevant expertise and resources to carry out the New Business as and when the opportunity arises.

2.2. Rationale for the Proposed Diversification

The Group has consistently sought to improve Shareholders’ long-term return. As part of the Group’s strategy to broaden its stream of revenue and income, the Group intends to pursue the New Business.

The Board is supportive of the expansion of the Existing Business with the Proposed Diversification into the New Business for the following principal reasons:

(a) Growth potential of New Business

Singapore currently imports about 90% of its food. This makes the nation highly dependent on imported food and at the same time vulnerable to impact brought about by unforeseen circumstances. Such events include but are not limited to climate change which will put more pressure on food supply through loss of arable land and increased frequency of erratic weather patterns, disease outbreak such as COVID-19, and any other global food situations which may impact the availability of food in Singapore. Additionally, the population growth of Singapore would mean that demand for food will likely increase in tandem. As part of the Singapore Government's "30 by 30" initiative to strengthen the nation food security and to make the country more self-sufficient by ensuring a continuous supply of fresh and safe food, the Singapore Food Agency is promoting food to be produced locally through funding support of local farms. As such, producing food locally is expected to be a viable business in Singapore.

(b) Usage of unutilised office space

With the Proposed Diversification, the Group intends to build an indoor farm to fully optimise its unutilised office space.

(c) Additional revenue stream

The Group is in view that the New Business is expected to provide an additional revenue stream for the Group through the sale of the crops produced from the indoor farm. The Group will venture into the New Business prudently, with a focus on achieving long-term growth and enhancing shareholders value in the long run.

(d) Provide flexibility to enter into transactions relating to the New Business

Upon the approval by shareholders of the Company ("**Shareholders**") of the Proposed Diversification, any acquisition or disposal which is in, or in connection with, the New Business, may be deemed to be in the Company's ordinary course of business and therefore not fall under the definition of a "transaction" under Chapter 10 of the Catalist Rules. Accordingly, the Company may, in its ordinary course of business, enter into transactions relating to the New Business and which will not change the risk profile of the Company, in an efficient and timely manner without the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential transactions relating to the New Business arise. This will substantially reduce the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Company.

3. SHAREHOLDERS' APPROVAL

The Proposed Diversification involves a New Business which is substantially different from the Existing Business, which is envisaged to change the existing risk profile of the Group. Pursuant to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), shareholders' approval is required for the Proposed Diversification. Accordingly, an extraordinary general meeting ("**EGM**") will be convened by the Company to seek approval from Shareholders for the Proposed Diversification. A circular containing the risk factors that may relate to the New Business and further information of the Proposed Diversification will be released to Shareholders on the SGXNet.

4. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors of the Company and their respective associates have any interest, direct or indirect, in the Proposed Diversification (other than by reason only of being a Director and/or through their respective shareholdings in the Company).

In addition, as far as the Directors are aware, none of the Company's controlling shareholders have any interest, direct or indirect, in the Proposed Diversification (other than by reason of their shareholding interests in the Company).

BY ORDER OF THE BOARD

Neo Cheow Hui
Chief Executive Officer and Executive Director
7 December 2020

*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.

The details of the contact person for the Sponsor are:

Name: Mr. Lay Shi Wei (Registered Professional, RHT Capital Pte. Ltd.)
Address: 6 Raffles Quay, #24-02 Singapore 048580
Email: sponsor@rhtgoc.com