

# GKE to buy Van Der Horst Biodiesel in cash/share deal

## Roadshows planned for VDHB in Europe after deal is completed in Oct

By TETTYANA JASLI

LOGISTICS services provider GKE International is set to team up with Van Der Horst Biodiesel (VDHB), a joint venture company between Van Der Horst Engineering Services Pte Ltd and the Institute of Environmental Science & Engineering (IESE), a technology development company of Nanyang Technological University

GKE will acquire 100 per cent of VDHB in a sales and purchase agreement

inked yesterday. The two-part acquisition will be carried out by cash of \$9 million and by issuing 36.36 million new shares from GKE International. VDHB's present cash position is approximately \$3.5 million.

Also signed yesterday was a shares and option agreement, whereby 120 million new shares will be issued to the chairman of VDH Holdings Pte Ltd Kwan Chee Seng, along with the option to subscribe to an additional 120 million new shares, or a total value of \$26.4 million. Both agreements are independent of each other and are currently awaiting approval from shareholders.

Upon completion of the

collaboration in October 2007, VDHB will become a wholly-owned subsidiary of GKE International. Within one to two months of the placement share completion, VDHB, under GKE intends to have roadshows in Europe especially in the UK. It is looking to issue further placement shares to would-be investors interested in putting their money into sustainable and renewable energy.

Through the two agreements, VDHB intends to use GKE, which is mainboard-listed, as a platform to enter the capital market in order to raise funding to build its two biodiesel plants on Jurong Island in Singapore and in Malaysia's Iskandar

Development Region.

This partnership between GKE and VDHB is intended to be a synergistic one, with VDHB tapping on GKE's network and expertise in logistics in the handling of its feedstock and end-products of the biodiesel plants. At the same time, "the expansion of (GKE's) warehousing and logistics business will also provide greater yield to (its) shareholders", said GKE International chief operating officer Neo Cheow Hui.

VDHB forecasts revenues of \$454 million for both plants when in full operation. VDHB CEO Peter Cheng also revealed that after the injection of VDHB, GKE's capacity of 400,000

tonnes will be among the highest and its post-placement share completion market capitalisation of \$159 million among the lowest in the biodiesel sector in Singapore.

VDHB was set up in late March by VDH Engineering Services Pte Ltd and IESE to produce bio-diesel to cater to the swelling global demand for this fuel.

In early April it was announced that Firstlink Capital, Tembusu Growth Fund Ltd and Blue Canyon Ltd had invested \$1 million each in VDHB through a convertible loan agreement. Upon shareholder approval of the acquisition, these investments will be converted to GKE shares.