

## **GCCP RESOURCES LIMITED**

(Incorporated in the Cayman Islands on 1 November 2013)

Registration Number: OI-282405

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## **MEMORANDUM OF UNDERSTANDING IN RELATION TO THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF PT ARJUNA UTAMA SAWIT**

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### **1. INTRODUCTION**

The board of directors (the “**Board**”) of GCCP Resources Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has entered into a non-binding memorandum of understanding (the “**MOU**”) dated 10 October 2019 with Premier Palmoil Energy Pte. Ltd. and PT Oilim Agriculture (collectively the “**Vendors**”), who are independent third parties (the Company and the Vendors are collectively referred to as “**Parties**”) in relation to the proposed acquisition by the Company of the entire issued and paid-up share capital of PT Arjuna Utama Sawit (the “**Target**”) from the Vendors (the “**Proposed Acquisition**”).

The Proposed Acquisition, if undertaken and completed, is expected to result in a “Reverse Take-over” of the Company as defined under Chapter 10 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”). The Proposed Acquisition will be subject to, *inter alia*, the approval of shareholders of the Company (the “**Shareholders**”) at an extraordinary general meeting to be convened pursuant to Rule 1015 of the Catalist Rules.

**Shareholders should note that the MOU is not intended to be legally binding on the Parties save for certain specified terms relating to (i) the costs associated with the Proposed Acquisition as set out in paragraph 6 below; (ii) the exclusivity period as set out in paragraph 7 below; and (iii) the governing law as set out in paragraph 8 below. The principal terms and conditions of the Proposed Acquisition as set out in the MOU are subject to the terms and conditions to be agreed and set out in the definitive agreement to be entered into between the Parties (the “Definitive Agreement”). The Parties will use their respective best endeavours to negotiate in good faith and sign the Definitive Agreement. Those principles are not to be taken as exhaustive and, in any event, remain subject to modification or withdrawal as a result of further discussions, and subject to contract.**

All information in this Announcement relating to the Target and the Vendors was provided by the Target and the Vendors. In respect of such information, the Company and the Directors have not independently verified the accuracy and correctness of the same and the Company's responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this announcement.

## **2. RATIONALE FOR PROPOSED ACQUISITION**

The Directors are of the view that the Proposed Acquisition presents an opportunity for the Company to acquire a new operating business with growth potential after taking into consideration:- (i) Indonesia biodiesel program to reduce Indonesia's dependence on fuel imports by progressively introducing palm oil in regular diesel fuel, which is expected to increase demand for palm oil; and (ii) the Target's young plantation age profile and its plans to venture further downstream into higher-value palm-based products. In addition, the Proposed Acquisition could potentially enable the Company to enhance shareholder value by generating renewed investor interest, create the potential to significantly increase the market capitalisation of the Company and widen the investor base for its Shares. Accordingly, enhancing the long-term interests of the Company and its Shareholders.

It is the current intention of all Parties, as of the date of the MOU, for the existing quarry business to remain within the new enlarged group after the completion of the Proposed Acquisition.

## **3. INFORMATION ON THE TARGET**

The Target's core business activities include cultivating oil palms, harvesting the fresh fruit bunches and milling them into crude palm oil ("CPO") and palm kernel ("PK"). The Target owns 53,000 hectares of oil palm plantations located in Central Kalimantan, Indonesia. The Target's palm oil mills have production capacities to produce 350,000 tonnes of CPO per annum. The Target has a young plantation age profile with close to 40% of its planted plantations either in their young or immature ages. This favourable age profile positions the Target well for strong production growth over some years to come as these plantations mature into yielding ages. The Target has plans to process its CPO and PK into higher value palm-based products such as biodiesel, palm kernel oil and refined, bleached and deodorized oleins.

## **4. PRINCIPAL TERMS OF THE MOU**

#### 4.1. Consideration

Subject to the entry of the Definitive Agreement, the consideration payable by the Company for the entire share issued and paid-up share capital of the Target is expected to be S\$220,256,000 (the “**Consideration**”), which was arrived at after arm’s length negotiations on a willing-buyer, willing seller basis, after taking into consideration, *inter alia*, an internal valuation (which will be subsequently determined by an Independent Valuer) and the unaudited management accounts of the Target, provided by the Vendors.

The Consideration will be satisfied in full by the issuance and allotment of 3,670,933,333 new ordinary shares of the Company (the “**Consideration Shares**”) at an issue price of S\$0.06 per Share (the “**Issue Price**”) to the Vendors (and/or its designated nominees).

In the event the valuation of the Target, to be determined by the Independent Valuer, differs from the Consideration, the number of Consideration Shares to be issued to the Vendors and the number of Arrangement Shares (as defined below) to be issued to the Arranger (as defined below) will be adjusted proportionately to reflect such valuation.

#### 4.2. Proposed Whitewash Resolution

Pursuant to Rule 14 of The Singapore Code on Take-overs and Mergers (the “**Code**”), it is expected that the Vendors and its concert parties will be obliged to make a general offer for the remaining shares not owned, controlled or agreed to be acquired by the Vendors and its concert parties, upon the issuance of the Consideration Shares and completion of the Proposed Acquisition. The Vendors and its concert parties will be seeking a waiver of their obligation to make a mandatory general offer under Rule 14 of the Code from the Securities Industry Council (the “**SIC**”).

In addition, Shareholders’ approval to waive their right to receive a mandatory takeover offer from the Vendors and its concert parties in connection with the issuance of the Consideration Shares will be sought as well (“**Proposed Whitewash Resolution**”).

#### 4.3. Change of Name

Upon completion of the Proposed Acquisition, the Company’s name may be changed to reflect its new corporate profile (the “**Change of Name**”). The Change of Name will be subject to Shareholders’ approval.

#### 4.4. Conditions Precedent

Completion of the Proposed Acquisition will be conditional on the fulfilment of, *inter alia*, the following conditions:

- (a) the results of the financial, business and legal due diligence review conducted in respect of the Vendors and the Target being satisfactory;
- (b) the results of the financial, business and legal due diligence review conducted in respect of the Company being satisfactory to the Vendors and the Target;
- (c) the approval of the respective board of directors of the Company, the Vendors and the Target having been obtained;
- (d) the receipt of the approval from SIC to dispense with the requirement of Rule 14 of the Code to make a general offer to the Shareholders arising from the Proposed Acquisition;
- (e) the receipt of the approval from the SGX-ST in relation to the Proposed Acquisition and the listing and quotation of the Consideration Shares and Arrangement Shares (as defined below); and
- (f) the approval of the Shareholders having been obtained for the Proposed Acquisition and the Proposed Whitewash Resolution, amongst others.

#### **4.5. Undertakings**

The Vendors undertakes that the Target shall meet the continued listing criteria under the Catalist Rules.

In addition, key members of the Target's management team (as agreed between the parties) shall remain employed by the Group for at least 3 financial years following the completion of the Proposed Acquisition on terms to be agreed.

#### **5. ARRANGER FEES**

The Parties agree that the Company shall issue 55,064,000 new ordinary shares of the Company at the Issue Price, representing 4.71% and 1.12% of the existing and enlarged issued and paid-up share capital of the Company respectively to CO2 Capital Pte. Ltd. (the "**Arranger**") as arranger fees in connection with the completion of the Proposed Acquisition (the "**Arrangement Shares**").

None of the Directors or substantial shareholders of the Company, and its respective associates, have any interest, direct or indirect, in the Arranger and its ultimate beneficial shareholder. The Arranger is a company incorporated in Singapore that provides consultancy services in the areas of strategic corporate developments. Its principal has more than 15 years of experience in the development, investment and financing of energy infrastructure and resources projects.

## **6. COSTS**

The Parties agreed that the Company shall be responsible for costs associated with the Proposed Acquisition, such as financial and legal due diligence of the Vendors and the Target, drafting and finalization of the Definitive Agreement, appointments of professionals such as the Independent Financial Adviser, Financial Adviser and Independent Valuer, and the conduct of Shareholders' meeting(s), and such costs shall be financed from internal resources.

The costs to be paid to the reporting accountants, internal auditors, and their own legal counsels, financial adviser and other professional adviser, where required, in relation to the Proposed Acquisition shall be borne by the Vendors and the Target.

In the event the Proposed Acquisition is terminated as a result of breach of obligations by any party, the party in breach shall be responsible for all costs associated with the Proposed Acquisition.

## **7. EXCLUSIVITY**

Parties shall deal exclusively with each other for six (6) months from the date of the MOU and use all commercially reasonable efforts to negotiate and finalise the Definitive Agreement.

## **8. GOVERNING LAW**

The MOU shall be governed by the laws of Singapore, and the Parties submit to the non-exclusive jurisdiction of the court of Singapore.

## **9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors or substantial shareholders of the Company have, any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholdings in the Company.

## **10. FURTHER INFORMATION**

The Company will make further announcements on the Proposed Acquisition, as required by the Catalist Rules, upon the execution of the Definitive Agreement or when there are further developments on the Proposed Acquisition.

## **11. CAUTION IN TRADING**

**Shareholders and potential investors are advised to exercise caution in trading their shares as there is no certainty or assurance as at the date of this Announcement that (i) the Definitive Agreement will be entered into; (ii) the final terms of the Proposed Acquisition will not change from that in the MOU; and (iii) the Proposed Acquisition will proceed. As such, Shareholders are advised to read this Announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.**

## **BY ORDER OF THE BOARD**

Loo An Swee  
Chief Executive Officer and Executive Director  
10 October 2019

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the SGX-ST Listing Manual Section B: Rules of Catalist. This announcement has not been examined or approved by the SGX-ST.*

*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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