



## DEL MONTE PACIFIC LIMITED

(Incorporated in the British Virgin Islands with limited liability)

*This is the Information Memorandum in relation to the renewal of the shareholders' mandate for Interested Person Transactions referred to in Explanatory Note (vi) in the Notice of Annual General Meeting dated 27 July 2018.*

### INFORMATION MEMORANDUM

in relation to

### RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

#### 1. BACKGROUND

Pursuant to Chapter 9 of the Listing Manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited, Del Monte Pacific Limited (the "**Company**") was granted a shareholders' mandate on 26 July 2006 ("**IPT Mandate**") to enable the Company, its subsidiaries and associated companies (as defined in the Appendix\* to this Information Memorandum ("**Appendix**")), or any of them, to enter into any of the transactions falling within the classes of Interested Persons described in the Appendix\* ("**Interested Persons**"), provided that such transactions are made on normal commercial terms and in accordance with the review procedures for Interested Person Transactions ("**IPTs**") as set out in the Appendix. This Appendix is a revised and updated version of Appendix 1 of the Company's Circular to shareholders dated 4 July 2006 which provides information on the rationale of the IPT Mandate, the scope of the IPT Mandate, the benefit to shareholders, the classes of Interested Persons, the particulars of the IPTs and the review procedures for IPTs in respect of which shareholders' approval is sought for the IPT Mandate to be renewed.

#### 2. AUDIT AND RISK COMMITTEE'S STATEMENT

Pursuant to Rule 920(1)(c) of the Listing Manual, the Audit and Risk Committee (comprising Mr Benedict Kwek Gim Song, Mr Godfrey E Scotchbrook, Dr Emil Q Javier and Mrs Yvonne Goh) ("**ARC**") confirms that:

- (i) the review procedures for IPTs set out in the Appendix ("**Review Procedures**") have not changed since shareholders approved the IPT Mandate at the Company's General Meeting of 26 July 2006; and
- (ii) the Review Procedures are sufficient to ensure that the IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

All transactions carried out with Interested Persons are subject to the periodic review of the ARC to ensure that the prevailing rules and regulations of the Listing Manual (in particular Chapter 9 of the Listing Manual) are complied with.

The ARC will also consider from time to time whether the Review Procedures have become inappropriate or are insufficient to ensure that the transactions are on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

### **3. DISCLOSURES**

Disclosure will be made in the Company's Annual Report on the aggregate value of all IPTs conducted pursuant to the IPT Mandate during the financial year from 1 May 2017 to 30 April 2018, and in the Annual Reports for the subsequent financial years that the IPT Mandate is renewed and continues in force, in accordance with the form set out in Rule 907 of the Listing Manual. Further, the aggregate value of the transactions conducted pursuant to the IPT Mandate for each quarterly period will also be disclosed in the quarterly financial statements that will be reported in accordance with Rule 705 of the Listing Manual.

The Company will comply with the provisions of Chapter 9 of the Listing Manual in respect of all future IPTs and, if required under the Listing Manual, the Company will seek a fresh mandate from shareholders should the existing guidelines and procedures for transactions with Interested Persons become inappropriate. If a member of the ARC has an interest in a transaction, he will abstain from participating in the review and approval process in relation to that transaction.

The classes of Interested Persons for which the renewal of the IPT Mandate is sought are:

- (i) NutriAsia Inc and its associates (as such term is defined in paragraph 1.5(c) of the Appendix); and
- (ii) NutriAsia Holdings Ltd and its subsidiaries.

### **4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS**

The interests of the Directors and substantial shareholders of the Company in the issued share capital of the Company can be found in the Company's FY2018 Annual Report.

NutriAsia Pacific Limited and its respective associates, being Interested Persons in relation to the proposed renewal of the IPT Mandate, will abstain from voting their respective shareholdings (if any) in the Company on Resolution 10 relating to the renewal of the IPT Mandate at the forthcoming Annual General Meeting to be held on 17 August 2018.

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*This Appendix is a revised and updated extract of Appendix 1 of the Company's Circular to Shareholders dated 4 July 2006 on the rationale and scope of the IPT Mandate, the benefit to shareholders, the classes of Interested Persons, the particulars of the IPTs, and the review procedures for IPTs in respect of which the IPT Mandate is sought to be renewed.*

### **1. CHAPTER 9 OF THE LISTING MANUAL**

- 1.1 *Chapter 9 of the Listing Manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be at risk, with the listed company's Interested Persons. When this Chapter applies to a transaction and the value of that transaction alone or in aggregation with other transactions conducted with the interested person during the financial year reaches, or exceeds, certain materiality thresholds, the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders' approval for that transaction.*
- 1.2 *Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9 of the Listing Manual, immediate announcement and shareholders' approval would be required in respect of transactions with Interested Persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated net tangible assets ("**NTA**") are reached or exceeded. In particular, shareholders' approval is required for an interested person transaction of a value equal to, or which exceeds:*
  - (a) *5 per cent of the listed company's latest audited consolidated NTA; or*
  - (b) *5 per cent of the listed company's latest audited consolidated NTA, when aggregated with other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.*
- 1.3 *Based on the latest audited consolidated accounts of the Company and its subsidiaries (the "**DMPL Group**" or "**Group**") for the financial year ended 30 April 2018, the consolidated NTA of the DMPL Group was (US\$98,085,363) and 5 per cent of this was (US\$ 4,904,268).*
- 1.4 *Chapter 9 of the Listing Manual permits a listed company, however, to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company's Interested Persons.*

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### 1.5 Under the Listing Manual:

- (a) an **"entity at risk"** (EAR) means:
- (i) the listed company;
  - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
  - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the **"listed group"**), or the listed group and its interested person(s), has control over the associated company;
- (b) an **"associated company"** means a company in which at least 20% but not more than 50% of its shares are held by the listed company or listed group;
- (c) an **"associate"** in relation to an interested person who is a director, chief executive officer or controlling shareholder, includes an immediate family member (that is, the spouse, child, adopted-child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family has an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;
- (d) an **"approved exchange"** means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual;
- (e) an **"interested person"**<sup>1</sup> means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder; and
- (f) an **"interested person transaction"** means a transaction between an entity at risk and an interested person.

## 2. RATIONALE FOR THE NEW IPT MANDATE<sup>1</sup> FOR THE INTERESTED PERSON TRANSACTIONS

It is envisaged that in the ordinary course of their businesses, transactions between companies in the EAR Group (as defined below) and the Company's Interested Persons are likely to occur from time to time. Such transactions would include, but are not limited to, the provision of goods and services in the ordinary course of business of the EAR Group to the Company's Interested Persons or the obtaining of goods and services from them.

In view of the time-sensitive nature of commercial transactions, the obtaining of a mandate (the **"New IPT Mandate"**) pursuant to Chapter 9 of the Listing Manual will enable:

<sup>1</sup> The IPT Mandate which was approved by shareholders in a general meeting held on 26 July 2006 was subsequently renewed on 27 April 2007, 28 April 2008, 27 April 2009, 28 April 2010, 29 April 2011, 30 April 2012, 30 April 2013, 15 April 2014, 28 August 2015, 30 August 2016, and 30 August 2017, respectively.

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- (a) DMPL;
- (b) subsidiaries of DMPL (other than subsidiaries listed on the SGX-ST or an approved exchange); and
- (c) associated companies of DMPL (other than associated companies listed on the SGX-ST or an approved exchange) over which the DMPL Group, or the DMPL Group and interested person(s) of DMPL has or have control, (together, the "**EAR Group**"), or any of them, in the ordinary course of their businesses, to enter into the categories of transactions ("**Interested Person Transactions**") set out in paragraph 6 below with the specified classes of DMPL's Interested Persons (the "**Interested Persons**") set out in paragraph 5 below, provided such Interested Person Transactions are made on normal commercial terms.

### 3. SCOPE OF THE NEW IPT MANDATE<sup>1</sup>

- 3.1 The New IPT Mandate will cover Interested Person Transactions as set out in paragraph 6 below.
- 3.2 The New IPT Mandate will not cover any transaction by a company in the EAR Group with an Interested Person that is below S\$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Listing Manual would not apply to such transactions.
- 3.3 Transactions with Interested Persons (including the Interested Persons) that do not fall within the ambit of the New IPT Mandate will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

### 4. BENEFIT TO SHAREHOLDERS

The New IPT Mandate (and its subsequent renewal thereafter on an annual basis) will enhance the ability of companies in the EAR Group to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for DMPL to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the relevant company in the EAR Group into such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an ad hoc basis, improve administrative efficacy considerably, and allow manpower resources and time to be channeled towards attaining other corporate objectives.

### 5. CLASSES OF INTERESTED PERSONS

The New IPT Mandate will apply to the Interested Person Transactions which are carried out with the following classes of Interested Persons:

- (a) NutriAsia Inc and its associates (as such term is defined in paragraph 1.5(c) of this Appendix 1) (the "**NutriAsia Inc Group**");
- (b) NutriAsia Holdings Limited and its subsidiaries (the "**NutriAsia Holdings Group**"); and
- (c) Mr Edgardo M Cruz, Jr, Mr Rolando C Gapud, and their respective associates (as such term is defined in paragraph 1.5(c) of this Appendix 1).

<sup>1</sup> The IPT Mandate which was approved by shareholders in a general meeting held on 26 July 2006 was subsequently renewed on 27 April 2007, 28 April 2008, 27 April 2009, 28 April 2010, 29 April 2011, 30 April 2012, 30 April 2013, 15 April 2014, 28 August 2015, 30 August 2016, and 30 August 2017, respectively.

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### 6. CATEGORIES OF INTERESTED PERSON TRANSACTIONS

The Interested Person Transactions with the Interested Persons (as described in paragraph 5 above) which will be covered by the New IPT Mandate are set out below:

#### (a) **General Transactions**

This category relates to general transactions ("**General Transactions**") in connection with the provision to, or the obtaining from, Interested Persons of products and services in the normal course of business of the EAR Group or which are necessary for the day-to-day operations of the EAR Group comprising the following:

- (i) the sale and/or purchase, or joint sale and/or purchase, of packaging materials, food/food-related supplies/items and livestock;
- (ii) the provision and obtaining of expansion of food service distribution;
- (iii) the provision and obtaining of food preparation, manufacturing, processing, toll packing and related services;
- (iv) the provision and obtaining of, and sale/purchase of, technical, IT, insurance and other related services (such as warehouse/inventory management, software support etc.);
- (v) the provision and obtaining of call centre and customer hotline services; and
- (vi) the provision or the obtaining of such other products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services in sub-paragraphs (i) to (v) above and which are recurring transactions of a revenue or trading nature or necessary for its business.

#### (b) **Treasury Transactions**

Treasury transactions ("**Treasury Transactions**") comprise the entry into with any Interested Person of forex, swap and option transactions for hedging purposes or in connection with the operations of the DMPL Group.

The EAR Group may be able to benefit from competitive rates and quotes in an expedient manner on the entry into any forex, swap and option transactions with any Interested Persons.

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### 7. REVIEW PROCEDURES FOR INTERESTED PERSON TRANSACTIONS

7.1 The EAR Group has established the following procedures to ensure that Interested Person Transactions are undertaken on an arm's length basis and on normal commercial terms.

(a) **General Transactions**

Review Procedures

*In general, there are procedures established by the EAR Group to ensure that Interested Person Transactions with Interested Persons are undertaken on an arm's length basis and on normal commercial terms consistent with the EAR Group's usual business practices and policies, which are generally no more favourable to the Interested Persons than those extended to unrelated third parties.*

*In particular, the following review procedures have been put in place.*

(aa) **Provision of Services or the Sale of Products**

*The review procedures are:*

- (i) all contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market rates or prices of the service or product providers, on terms which are no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms; and*
- (ii) where the prevailing market rates or prices are not available due to the nature of the service to be provided or the product to be sold, the EAR Group's pricing for such services to be provided or products to be sold to Interested Persons is determined in accordance with the EAR Group's usual business practices and pricing policies, consistent with the usual margin to be obtained by the EAR Group for the same or substantially similar type of contract or transaction with unrelated third parties. Such comparisons are based on the EAR Group's business experience in relation to those services or products previously provided or sold, which are as comparable as possible to the service or product to be provided or sold. In determining the transaction price payable by Interested Persons for such services or products, factors such as, but not limited to, quantity, volume, consumption, customer requirements, specifications, duration of contract and strategic purposes of the transaction will be taken into account.*

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### (bb) **Obtaining of Services or the Purchasing of Products**

The review procedures are:

- (i) all purchases made by the EAR Group, including purchases from Interested Persons, are governed by the same internal control procedures which detail matters such as the constitution of internal approving authorities, their monetary jurisdictions, the number of vendors from whom bids are to be obtained and the review procedures. The guiding principle is to objectively obtain the best products and/or services on the best terms. In determining whether the price and terms offered by vendors, including Interested Persons, are fair and reasonable, factors such as, but not limited to, delivery schedules, specification compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will also be taken into account; and
- (ii) in the event that quotations from unrelated third party vendors cannot be obtained (for instance, if there are no unrelated third party vendors of similar products or services, or if the product is a proprietary item), both the Chief Financial Officer (“**CFO**”) and Chief Executive Officer (“**CEO**”) of the Company (as long as they have no interest, direct or indirect in that transaction), will determine whether the price and terms offered by the Interested Persons are fair and reasonable by using their business experience in relation to those services or products previously obtained or purchased, which are as comparable as possible to the service or product to be obtained or purchased and will ensure that the terms of supply will (where applicable) be in accordance with, or not higher than, industry norms. If any one of the two has an interest in the transaction, whether direct or indirect, the reasonableness of the price shall be determined by the Audit and Risk Committee of the Company (“**ARC**”).

### (b) **Treasury Transactions**

#### Review Procedures

In general, there are procedures established by the EAR Group to ensure that Treasury Transactions with Interested Persons are undertaken on an arm’s length basis and on normal commercial terms consistent with the EAR Group’s usual business practices and policies, which are generally no more favourable to the Interested Persons than those extended to unrelated third parties.

In relation to forex, swap and option transactions with any Interested Person by the EAR Group, the Company will require that rate quotations shall be obtained from such Interested Person and at least two commercial banks. The EAR Group will only enter into such forex, swap or option transactions with such Interested Person provided that such terms quoted are no less favourable than the terms quoted by such banks.



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7.2 *In addition to the review procedures, the EAR Group will supplement its internal systems to ensure that Interested Person Transactions are undertaken with Interested Persons on an arm's length basis and on normal commercial terms as follows:*

- (a) *each Interested Person Transaction equal to or exceeding S\$100,000 (or such equivalent in US\$) but less than S\$1,000,000 (or such equivalent in US\$) in value will be endorsed by the CFO of the Company, approved by the CEO of the Company and the ARC shall be advised; and*
- (b) *each Interested Person Transaction equal to or exceeds S\$1,000,000 (or such equivalent in US\$) in value will be endorsed by the CFO and CEO of the Company respectively and approved by the ARC.*

*Where the CFO of the Company has any interest, direct or indirect, in the Interested Person Transaction, such Interested Person Transaction shall be approved by the CEO of the Company. Where such CEO is not available, the ARC shall approve such Interested Person Transaction.*

*Where the CEO of the Company has any interest, direct or indirect, in the Interested Person Transaction, such Interested Person Transaction shall be approved by the ARC. Where any member of the ARC is interested in any of the Interested Person Transactions, he will abstain from voting in relation to such transactions.*

7.3 *The Company will maintain a register of transactions carried out with Interested Persons pursuant to the New IPT Mandate (recording the transaction values, basis, including the quotations obtained to support such basis, on which they were entered into), and the Company's internal audit plan will incorporate an annual review of all transactions entered into in the relevant financial year pursuant to the New IPT Mandate.*

7.4 *The ARC shall review the internal audit report on Interested Person Transactions to ascertain that the established review procedures to monitor Interested Person Transactions have been complied with. The ARC shall review the Interested Person Transactions on a quarterly basis.*

7.5 *If, during these periodic reviews by the ARC, the ARC is of the view that the review procedures as stated above have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the EAR Group are conducted, the Company will revert to Shareholders for a fresh mandate based on new guidelines and review procedures to ensure that Interested Person Transactions will be on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.*

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### **8. EXPIRY AND SUBSEQUENT RENEWAL OF THE NEW IPT MANDATE**

*If approved by Shareholders at the Annual General Meeting of the Company which is scheduled to be held on 17 August 2018, the New IPT Mandate will take effect from the date of passing of the ordinary resolution relating thereto and will continue in force until the conclusion of the next Annual General Meeting of the Company, unless revoked or varied by the Company in a general meeting.*

*The Company will seek the approval of Shareholders for the subsequent renewal of the New IPT Mandate at every Annual General Meeting, subject to the satisfactory review by the ARC of the continued requirements of the New IPT Mandate and the procedures for the Interested Person Transactions.*

### **9. DISCLOSURE OF INTERESTED PERSON TRANSACTIONS PURSUANT TO THE NEW IPT MANDATE**

*The Company will announce the aggregate value of transactions conducted with Interested Persons pursuant to the New IPT Mandate for the quarterly financial periods which the Company is required to report on pursuant to the Listing Manual and within the time required for the announcement of such report.*

*Disclosure will be made in the Annual Report of the Company for the financial year ended 30 April 2018 of the aggregate value of transactions conducted with Interested Persons pursuant to the New IPT Mandate during the financial year, and will be made in the Company's Annual Reports for subsequent financial years that the New IPT Mandate continues to be in force, in accordance with the requirements of Chapter 9 of the Listing Manual.*

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