

DEL MONTE PACIFIC LIMITED
(the "**Company**")
(Incorporated in the British Virgin Islands)

- 1. PROPOSED SALE OF ISSUED AND PAID UP ORDINARY SHARES IN DEL MONTE PHILIPPINES, INC., AN INDIRECTLY WHOLLY OWNED SUBSIDIARY OF DEL MONTE PACIFIC LIMITED**
 - 2. GRANT OF WAIVER FROM REQUIRING THE COMPANY TO SEEK SHAREHOLDERS' APPROVAL FOR THE PROPOSED SALE PURSUANT TO LISTING RULE 1014(2)**
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1. INTRODUCTION

- 1.1 The Board of Directors (the "**Board**" or the "**Directors**") of Del Monte Pacific Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company, and its indirectly wholly-owned subsidiaries, Central American Resources, Inc. ("**CARI**") and Del Monte Philippines, Inc. ("**DMPI**") have entered into an agreement (the "**Agreement**") with SEA Diner Holdings Pte Ltd (the "**Investor**") for the proposed sale of 363,651,600 ⁽¹⁾ existing ordinary shares of DMPI (the "**DMPI Sale Shares**") (representing 13% of the total number of issued and paid-up ordinary shares in DMPI) (the "**Proposed Sale**"), subject to certain closing conditions.

Please refer to paragraph 2 of this announcement for more information on the Investor and paragraph 3 of this announcement for more details of the Proposed Sale.

Notes:

- (1) *The terms of the Proposed Sale includes the issuance of (i) additional new DMPI shares pursuant to a share adjustment mechanism (up to a maximum cap of 1.44% of the total issued share capital of the DMPI shares at the relevant time), the share adjustment formula is detailed in paragraph 3.3.4(h) of this announcement; and (ii) up to a maximum of 41,959,800 additional DMPI shares (as detailed in paragraph 3.3.4(i) of this announcement).*
- (2) *The total number of issued shares of DMPI as at the date of the Agreement is 2,797,320,003.*

- 1.2 In accordance with Rule 1014 of the listing manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Listing Manual**"), where any of the relative figures computed on the basis set out in Rule 1006 of the Listing Manual exceeds 20%, the transaction is classified as a major transaction, and the requirements prescribed in Rule 1014 of the Listing Manual must be complied with. Accordingly, the Proposed Sale constitutes a major transaction under Rule 1014 of the Listing Manual and pursuant to Rule 1014(2), such transaction must be made conditional upon approval by shareholders in a general meeting.
- 1.3 The Company had submitted an application to the SGX-ST to seek a waiver of the requirement under Rule 1014(2) of the Listing Manual for the Company to obtain shareholders' approval for the Proposed Sale (the "**Waiver**"). For more details on the Waiver, please refer to paragraph 7 below.

2. INFORMATION ON THE INVESTOR

The Investor is a Singapore-incorporated company focused on investing in leading companies in the consumer sector in China and the ASEAN region. The Investor and its affiliates have invested over US\$1 billion in ASEAN and Chinese consumer

businesses to date, including consumer product companies and technology companies. The food category has been a key focus for the Investor and its affiliates, with a particular emphasis on food products that have a large addressable market in China. The Investor has over 30 staff in the region and intends to play an active role in supporting DMPI as outlined further in paragraph 4.8(a).

3. INFORMATION ON THE PROPOSED SALE

3.1 Background and events leading to the Proposed Sale

On 6 February 2018, the Company had announced its intention to publicly offer and list some of the ordinary shares of DMPI on The Philippine Stock Exchange, Inc. ("**PSE**") (the "**Proposed Public Offering**"). The Company had sought and obtained the necessary approvals from the SGX-ST (on 27 April 2018), the PSE (on 31 May 2018) and shareholders of the Company ("**Shareholders**") at a general meeting on 1 June 2018 for the Proposed Public Offering.

It was stated in the Company's circular dated 10 May 2018 (the "**2018 Circular**") that the Company expected to offer up to 587,437,200 existing DMPI shares, which represented 21% of DMPI's total issued shares. The purpose of the Proposed Public Offering was to raise funds for the Company to partially prepay/repay certain loan facility/ies, with the balance proceeds, if any, to be used for general corporate purposes.

However, due to adverse market conditions⁽¹⁾, the Company announced on 7 June 2018 that it had decided to defer the Proposed Public Offering until such time when market conditions improve. As at the date of this announcement, as market conditions have yet to improve, no further action has been taken by the Company in relation to the Proposed Public Offering.

The Board had since decided to explore the possibility of partnering with an investor to enhance value in DMPI through a private placement involving the sale of some of DMPI's shares, such as the Proposed Sale. The proceeds from this transaction will be used to partially prepay/repay certain loan facility/ies, more details of which are found in paragraph 4.4 of this announcement.

Note:

(1) *When the Company announced its intention to undertake the Proposed Public Offering on 6 February 2018, the PSE index was slightly below the peak of 9,041 index. When the Company announced on 7 June 2018 its decision to defer the Proposed Public Offering, the PSE Index was significantly lower than the peak of 9,041 at 7,740. The PSE index as of current, is about 7,616.*

3.2 Information on DMPI

DMPI is a wholly-owned subsidiary of the Company established under the laws of the Philippines and is a principal subsidiary of the Group.

DMPI's business includes the production and sale of food and beverage products, which include fruit juices and juice drinks, packaged pineapples and mixed fruits, fresh pineapples, as well as various tomato spaghetti sauces and culinary mixes. DMPI sells these food and beverage products under the *Del Monte* brand in the Philippines, and exports these products for sale under other brands in other countries. Therefore, DMPI generates sales primarily from the Philippines and its exports.

The main customers of DMPI's food and beverage products are : (i) general trade (wholesalers, distributors); (ii) modern trade (large groceries and price clubs); and

(iii) institutional accounts (restaurants, fast food chains, caterers, hotels, hospitals, schools, convenience stores, etc.).

3.3 Principal Terms of the Proposed Sale

3.3.1 The Proposed Sale

Subject to the terms and conditions of the Agreement including the fulfilment of certain conditions precedent (as described in paragraph 3.3.3 below), the Company will sell to the Investor, and the Investor will acquire from the Company, the DMPI Sale Shares. The DMPI Sale Shares represent 13%⁽¹⁾ of the total issued share capital of DMPI⁽²⁾.

Notes:

- (1) *The terms of the Proposed Sale include the issuance of (i) additional new DMPI shares pursuant to a share adjustment mechanism (up to a maximum cap of 1.44% of the total issued share capital of the DMPI shares at the relevant time), the share adjustment formula is detailed in paragraph 3.3.4(h) of this announcement; and (ii) up to a maximum of 41,959,800 additional DMPI shares (as detailed in paragraph 3.3.4(i) of this announcement).*
- (2) *The total number of issued shares of DMPI as at the date of the Agreement is 2,797,320,003.*

3.3.2 Consideration

The aggregate consideration for the Proposed Sale is US\$130 million (approximately S\$175.5 million⁽¹⁾) (the "**Consideration**"). The Consideration was negotiated in good faith and on an arm's length basis, taking into account the following factors:

- (i) the Consideration of US\$130 million represents a price earnings ("**PE**") multiple ratio of DMPI of about 15.7 times PE based on the earnings of DMPI for the financial year ending 30 April 2019 earnings;
- (ii) the operational and financial performance, and business outlook of DMPI in both its domestic and export markets;
- (iii) the business and industry outlook of DMPI's fresh pineapple export business in particular;
- (iv) the expected positive value-add and contribution from the Investor following the closing of the Proposed Sale (details of which are discussed in paragraph 4.8(a) below); and
- (v) other Company requirements and, in particular, the Company's ongoing focus on deleveraging.

Note:

- (1) *Based on the closing exchange rate of US\$1 to S\$1.3499 obtained from the Reference Exchange Rate Bulletin of Bangko Sentral ng Pilipinas on 21 January 2020.*

3.3.3 Conditions Precedent

The completion of the Proposed Sale is subject to and conditional upon, *inter alia*, the fulfilment on or prior to the date of completion of the Proposed Sale, *inter alia*, the following conditions ("**Conditions Precedent**"):

- (a) the completion of the Investor's due diligence on DMPI and its subsidiaries;
- (b) the approval of the acquisition of the DMPI Sale Shares by the Investor's investment committee;

- (c) the form of the amendment of DMPI's licence agreement with S&W Fine Foods International Limited having been agreed by the parties thereto to the reasonable satisfaction of the Investor;
- (d) the form of a licence and technical assistance agreement between Dewey Sdn. Bhd. (as the licensor) and DMPI (as the licensee) having been agreed by the parties thereto in a form reasonably satisfactory to the Investor;
- (e) the passing of board resolutions and shareholders' resolutions of DMPI approving the following: (i) its entry into the shareholders' agreement; and (ii) adopting the amended charter by DMPI;
- (f) written approvals by certain lender banks of the Proposed Sale and related transactions having been obtained; and
- (g) the termination of all related party transactions of DMPI, other than those approved by the Investor.

3.3.4 Other Material Terms of the Proposed Sale⁽¹⁾

Note: (1) The material terms disclosed in this announcement can be found in the Agreement and the shareholders' agreement.

(a) Right to Convert into RCPS

It is currently agreed that following the completion of the Proposed Sale, the DMPI Sale Shares will be converted into redeemable convertible preferred shares ("**RCPS**") in DMPI.

(b) Dividend

The right of the Investor as an RCPS holder to participate in dividends is on an as-converted basis, that is, if ordinary shareholders are entitled to dividends, then the RCPS holders will correspondingly be entitled to dividends on an as-converted basis.

(c) Voting

Similarly, in relation to voting rights, the Investor as an RCPS holder will have proportional shareholder voting rights in DMPI on an as-converted basis. There will also be certain reserved matters (for example, matters not in the ordinary course of business) which the Investor will have the right to approve.

(d) Transferability

The RCPS will be subject to certain transfer restrictions, such as the right of first refusal of CARI, but affiliates of the Investor shall be permitted transferees. For Shareholders' information, CARI is the immediate holding company of DMPI.

(e) Conversion

The Investor, as long as it holds RCPS, may, at any time, exercise its right to convert the RCPS into ordinary shares of DMPI. Conversion of RCPS into ordinary shares of DMPI is at a ratio of one (1) RCPS : one (1) ordinary share of DMPI.

(f) Exit

The RCPS shall automatically be converted into ordinary shares of DMPI, on the occurrence of either an initial public offering (“**IPO**”) or a trade or private sale of DMPI Sale Shares (“**Exit**”). If the IPO pre-money market capitalisation of DMPI shares exceeds US\$2,000,000,000 (approximately S\$2,699,800,000⁽¹⁾) on an Exit, the conversion ratio would remain unchanged at one (1) RCPS : one (1) ordinary share of DMPI.

However, if, the IPO pre-money market capitalisation of DMPI shares is US\$2,000,000,000 (approximately S\$2,699,800,000⁽¹⁾) or less on an Exit, the Investor will receive shares issued by DMPI that will provide the Investor with a simple annual 3% yield on the Consideration.

DMPI shall use its best efforts to provide the Investor an opportunity to sell all of the DMPI Sale Shares held by the Investor on or before the date falling five (5) years from the completion of the Proposed Sale. In the event that DMPI undertakes an IPO, the Investor shall be given the first right (but not the obligation) to sell all of its shares in the IPO on terms no less favourable to the Investor than those granted to the other existing shareholders.

If an IPO or trade or private sale for the Investor has not occurred on or prior to three (3) years following the date of the Agreement, the Investor may require the Company to engage a financial adviser from a list recommended by the Investor to advise on the possible valuation of DMPI. In such event, DMPI shall promptly appoint a financial adviser. Further, the Investor may elect to require DMPI to cooperate with the Investor on a best efforts basis to facilitate an exit to the Investor either by way of an IPO or any private or trade sale.

Note:

(1) *Based on the closing exchange rate of US\$1 to S\$1.3499 obtained from the Reference Exchange Rate Bulletin of Bangko Sentral ng Pilipinas on 21 January 2020.*

(g) Redemption

However, if there is no liquidity event (IPO or trade sale) after five (5) years from the closing of the Proposed Sale, the RCPS shall be redeemed at the redemption price, which is an amount paid on the RCPS plus an 8% rate of return (compounded on a per annum basis) calculated from the closing of the Proposed Sale up to the date of redemption.

The right to redeem in the event there is no liquidity event after five (5) years from the closing of the Proposed Sale is subject to the mutual consent of both DMPI and the Investor.

If DMPI does not consent to the RCPS holder’s written redemption request, the 8% rate of return per annum shall be increased annually by 3%, and this increased rate of return shall apply for each year that the RCPS remain outstanding and shall be compounded on a per annum basis.

However, if an agreed default event occurs, the Investor may, by written notice to the Company, require the Company to redeem any or all of the RCPS held by the Investor at the Default Redemption Amount (as defined below) without prejudice to all other rights or remedies available to such holder of the RCPS. “**Default Redemption Amount**” means an amount that would provide such holder generally, except for the certain exceptions in the shareholders’

agreement, an internal rate of return of 12 per cent., in each case as at the date on which the redemption actually occurs.

(h) Share Adjustment

There is also a share adjustment mechanism in the event that the Company does not meet the forecasted net income of DMPI for the financial year ended 30 April 2021 numbers agreed with the Investor. Accordingly, additional DMPI shares (up to a maximum cap of 1.44% of the total issued share capital of DMPI as diluted by this adjustment) may be issued by DMPI to the Investor in accordance with the Adjusted Equity Value formula as described below.

1. Determining the Adjusted Equity Value

$$\text{Adjusted Equity Value} = \frac{A}{\text{DMPI FY2021 forecasted net income}} \times Y$$

provided Adjusted Equity Value shall not be < US\$900 million – X

where:

A = lower of (i) DMPI FY2021 forecasted net income and (ii) DMPI FY2021 net income

X = certain agreed debt guaranteed by DMPI after 31 October 2020 and certain agreed DMPL debt repaid by DMPI for the benefit of DMPL between the date of the Agreement and 31 October 2020

Y = US\$1,000 million – X

2. Determining the number of additional DMPI shares to be issued to the Investor (“E”)

$$E = \frac{(B \times D) - C}{1 - B}$$

Where:

B = US\$130 million / Adjusted Equity Value

C = number of RCPS held by Investor after conversion of DMPI shares to RCPS

D = total number of DMPI shares on a fully diluted, as converted basis as at completion of the Proposed Sale, as adjusted for any reduction, combination, consolidation, subdivision or reclassification in respect of the DMPI’s share capital

(i) Call Option

The Investor shall also be entitled to a call option (“**Call Option**”) which gives the Investor the right to buy from CARI additional DMPI shares (“**Option Shares**”) of up to 41,959,800 DMPI shares. The maximum number of Option Shares represent 1.5% of the DMPI equity valuation of US\$1 billion. For the Shareholders’ information, the exercise price for each Option Share is

US\$0.357 (computed based on the DMPI equity valuation of US\$1 billion / existing total issued share capital of the DMPI shares⁽¹⁾ as at the date of the Agreement).

Note:

(1) *The total number of DMPI shares as at the date of the Agreement is 2,797,320,003.*

The Call Option is exercisable within the Option Period.

“**Option Period**” means the period,

(A) commencing on:

(i) in the event where an IPO of DMPI is consummated on or before 30 April 2022, and:

(a) such IPO of DMPI is consummated at a price per DMPI share which implies an IPO pre-money market capitalisation of US\$2,000,000,000 or lower, the date on which such IPO of DMPI is consummated; or

(b) such IPO of DMPI is consummated at a price per DMPI share which implies an IPO pre-money market capitalisation of more than US\$2,000,000,000 and following such IPO, the Investor sells any DMPI shares at a price per DMPI share which implies that DMPI's valuation is at or lower than an IPO pre-money market capitalisation of US\$2,000,000,000, the date on which the Investor makes such sale of DMPI shares; or

(ii) 30 April 2022, if DMPI does not consummate an IPO on or before 30 April 2022; and

(B) ending on the earliest of:

(i) the date falling ten (10) years after the date of completion of the Proposed Sale;

(ii) the date falling five (5) years after the consummation of an IPO of DMPI; and

(iii) the date on which the Investor receives an amount in respect of a redemption of its DMPI shares pursuant to the Agreement that provides the Investor with a rate of return of no less than eight (8) per cent.

4. RATIONALE AND BOARD'S VIEW

4.1 As disclosed in the Company's annual reports for the financial year ended 30 April 2017 (“**FY2017**”) and 2018 (“**FY2018**”), the Company has been focused on, *inter alia*, improving the capital structure of the Group by reducing the Group's overall indebtedness. As disclosed in the Company's FY2018 annual report, the Company had managed to reduce the net debt of the Group at the end of FY2018 to US\$1.4 billion, which is significantly lower than the net debt of US\$1.7 billion at the end of FY2017.

4.2 The funds that can be raised from the Proposed Sale will be used for the Group's capital restructuring plans moving forward, especially given that the Company was unable to undertake the Proposed Public Offering due to volatile market conditions

that show no signs of improving. As the Proposed Public Offering was deferred, the Group was unable to make prepayment/repayment of certain loan facility/ies to reduce the Group's debt to the extent planned.

- 4.3 In addition, the funds raised from the Proposed Sale will also allow the Company to free up certain credit lines so as to pursue other opportunities that the Company may have.
- 4.4 The Company's intention to sell the DMPI Sale Shares is therefore also in line with the aim of improving the Group's capital structure by reducing its debt, as the funds raised from the Proposed Sale will be used to partially prepay/repay certain loan facility/ies. Such prepayment is allowed under the current loan facility agreement(s) without any fee or penalty. Overall, this will allow the Group to deleverage and strengthen its balance sheet, as well as improve the Group's profitability with lower interest expense. While the Company estimates the interest expense savings arising from the Proposed Sale will be significant, the estimated per annum interest costs savings is less than the potential redemption cost if the RCPS are redeemed.
- 4.5 In line with the aim to improve the Company's balance sheet, the Proposed Sale will result in net gains made over the book value of the DMPI shares. Thus, the Proposed Sale will improve the Group's equity position and establish a benchmark for the pricing of the DMPI shares at the time of the Proposed Public Offering relaunch.
- 4.6 Based on the Consideration, the implied equity value⁽¹⁾ of DMPI will be approximately US\$1 billion (approximately S\$1.35 billion⁽²⁾). The market capitalisation of the Company is S\$279,930,243⁽³⁾ based on 1,943,960,024 ordinary shares in issue as at 23 January 2020.

Based on the implied equity value of DMPI (which is an indirect wholly-owned subsidiary of the Company) and the value-add generated on consummation of the Proposed Sale, the Company believes that this would have a positive impact on the market valuation of the Group and this may help to boost the market price of the Company's shares.

Notes:

- (1) *The implied equity value is computed as follows – US\$130 million (being the Consideration) divide by 363,651,600 DMPI Sale Shares multiply by 2,797,320,003 (being the total number of issued shares of DMPI as at the date of the Agreement).*
- (2) *Based on the closing exchange rate of US\$1 to S\$1.3499 obtained from the Reference Exchange Rate Bulletin of Bangko Sentral ng Pilipinas on 21 January 2020.*
- (3) *The Company's market capitalisation is determined by multiplying the number of Company's ordinary shares in issue, 1,943,960,024 (excluding treasury shares) by volume weighted average price of S\$0.144 per Share on 23 January 2020, being the full market day immediately preceding the signing of the Agreement.*

- 4.7 The Company will convene an extraordinary general meeting to obtain Shareholders' ratification following the completion of the Proposed Sale.
- 4.8 The Board notes that, in the worst case scenario (*i.e.* in the event there is no liquidity event (IPO, trade sale, or an agreed event of default) within the five (5) years' time frame provided in paragraph 3.3.4(g) above), the cost of the RCPS (and taking into consideration the 8% rate of return on the redemption amount as described in paragraph 3.3.4(g) above) is higher than the estimated interest costs savings per annum and the Board also notes the potential adjustments to the conversion ratio in the event of an Exit where the Exit price results in a market capitalisation of US\$2 billion or less as described in paragraph 3.3.4(f) above. Notwithstanding that the potential cost of the RCPS in the Proposed Sale may be higher than as compared with the current loans facility/ies (if not repaid), the Board takes the view that the

Proposed Sale is the better option as compared to the Group continuing to make interest payments under its outstanding loan facility/ies for the following reasons (many of which were elaborated under paragraphs 4.1 to 4.6 above but will be briefly reiterated below):

- (a) following the Proposed Sale, the Investor can add substantial value to the business of DMPI including:
 - (i) helping DMPI grow its fresh fruit sales in China. The Investor has close relationships with many of the leading online and offline food retailers in China. The Investor understands that DMPI's only e-commerce sales in China is through a major player and the Investor can help DMPI penetrate many more of the online grocery players in China. The Investor is also able to help DMPI expand its e-commerce footprint by introducing DMPI to another leading social e-commerce membership platform in China where the Investor is a major shareholder and has a seat on the Board, thus allowing the Investor to work with both parties to grow the relationship;
 - (ii) helping DMPI grow its frozen fruit sales in China. The Investor understands that DMPI has a strong frozen fruit business in Japan and would like to replicate this in China. The Investor can help DMPI penetrate the largest convenience store networks in China to start growing this high-potential product category in China;
 - (iii) introducing new customers and building partnerships for DMPI, which the Investor frequently assists its portfolio companies in doing so. For example, the Investor organised an international roadshow for one of their portfolio companies to meet with prospective clients, where this portfolio company gained new blue-chip customers after the international roadshow;
 - (iv) helping DMPI develop and execute their digital strategy. The Investor's senior management has experience in building and selling companies in the digital space and have been instrumental in helping its portfolio companies build out their digital strategy team, and roll out their digital strategy;
 - (v) assisting DMPI in making overall operational improvements, including but not limited to the roll out of automation strategy and processes. For example, the Investor had engaged an industry consultant to develop recommendations for one of its investee companies on how it can improve its operations and prepare for industry changes;
 - (vi) supporting in identifying key senior management hires and management succession planning for DMPI, including looking for personnel that can bring in best practices. For one of their investee companies, the Investor recruited an industry expert to serve as chief operating officer and the investee company experienced double digit sales growth, and significantly reduced its capital expenditure per sales point; and
 - (vii) designing and implementing staff and management incentive programs for DMPI. The Investor has extensive experience developing various forms of management incentives for its investee companies, often tailored specifically to their key performance indicators.

The above are to be contrasted with the position if the Group continued with the *status quo* and the loan facility/ies remain where there is no possibility of an investor being given the opportunity to add value to the business of DMPI.

- (b) the completion of the Proposed Sale would likely result in an enhancement of the implied equity value of DMPI as described in paragraph 4.6 above and this, in turn, may enhance the value of the Company and the Group;
- (c) the scenario provided for under the terms of the Proposed Sale if there is no liquidity event after five (5) years after the completion of the Proposed Sale (as described in paragraph 3.3.4(g) above) is only a worst-case scenario and cannot be looked at on a standalone basis. The terms of the Proposed Sale have to be weighed as a whole, especially against the other benefits of the Proposed Sale such as those as described in paragraphs 4.1 to 4.6 above. On a whole, as the Proposed Sale will, *inter alia*, help the Company deleverage its balance sheet and unlock the value of DMPI to bring value to the Company and the Shareholders (which are benefits that cannot be obtained by continuing to make interest payments under the Group's outstanding loan facility/ies), there are more benefits to the Proposed Sale than continuing to make interest payments under the Group's outstanding loan facility/ies.

4.9 For the reasons as stated in paragraphs 4.1 to 4.8, the Board is of the view that the Proposed Sale is not prejudicial to the interests of the Shareholders and is in their best interests instead.

4.10 Reasons for seeking the Waiver

In line with the Board's view that the Proposed Sale is not prejudicial to the interests of the Shareholders and that the Proposed Sale is in their best interests, it is an important consideration of the Board that the execution of the Agreement is not made conditional upon a formal general meeting but that the Proposed Sale can be completed in the shortest possible time.

The Board believes that in such uncertain market conditions, time is of the essence and it presents an attractive proposition to the right prospective investor that the Company has the ability to undertake and complete the Proposed Sale expeditiously.

Shareholders should also note that it was important to seek the Waiver as there are competing investments options available to the Investor. In addition, the Company understands that the Investor had indicated to the Company that the Investor is reluctant to sign a conditional Agreement which is subject to shareholders' approval as this potentially will stretch the completion timing. The Investor is also subject to funding limits as well as regional limits. Thus, it is crucial and necessary for the Company to apply for a waiver to seek Shareholders' approval so that the completion of the Proposed Sale is not delayed by the time needed to convene an extraordinary general meeting to seek Shareholders' approval.

4.11 Controlling Shareholders' Undertaking

As stated in paragraphs 7.2(c) and 7.2(d) below, the controlling shareholders of the Company, namely, NutriAsia Pacific Limited ("**NAPL**") and Bluebell Group Holdings Limited ("**Bluebell**"), have provided to the Company irrevocable undertakings to vote in favour of the Proposed Sale.

4.12 Use of net proceeds

The net cash proceeds (after deducting related transactional fees, stamp duties, taxes and administrative expenses of approximately S\$20 million) is approximately S\$155.5 million. The net cash proceeds from the Proposed Sale will be used to pay down certain outstanding loans of the Company. These outstanding loans are mainly owed to Philippine banks such as Rizal Commercial Banking Corporation.

The Company will make periodic announcements as to the use of the net cash proceeds as and when such proceeds are materially disbursed and whether such a use is in accordance with the stated use and in accordance with the percentage allocated. The Company will also provide a status report on the use of the proceeds raised from the Proposed Sale in the Company's interim and full-year financial statements issued under Rule 705 of the Listing Manual and the Company's annual report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

5. VALUE OF THE SALE SHARES

- 5.1 As at 31 October 2019, the book value of the DMPI Sale Shares as recorded in the books of the Company is approximately S\$32.6 million. Accordingly, assuming the completion of the Proposed Sale, the Group will recognise a net gain on disposal of approximately S\$123 million.
- 5.2 Based on the latest announced consolidated financial statements of the Group for the six months ended 31 October 2019, the net profit attributable to the DMPI Sale Shares amounted to approximately S\$7.4 million.
- 5.3 The open market value of the DMPI Sale Shares is not available as the DMPI Sale Shares are not publicly traded. No valuation of the DMPI Sale Shares was commissioned.

6. FINANCIAL EFFECTS OF THE PROPOSED SALE

The financial effects of the Proposed Sale as set out below are for illustrative purposes only and do not necessarily reflect the future actual financial position and results of the Group following completion of the Proposed Sale.

6.1 Net tangible assets ("NTA") per share

Assuming that the Proposed Sale was completed on 30 April 2019, being the end of the most recently completed financial year, the financial effects on the Group's NTA per share would be as follows:

	Before completion of the Proposed Sale	After completion of the Proposed Sale		
		Proposed Sale (being 13% DMPI shares)	Proposed Sale with share adjustment (being 13% DMPI shares and a maximum cap of 1.44%)	Proposed Sale with share adjustment and exercise of options (being 13% DMPI shares, a maximum cap of 1.44% and 1.5%, respectively)
NTA attributable to Shareholders (S\$'000)	(607,404)	(523,934)	(531,916)	(540,230)

Number of ordinary shares	1,943,960,024	1,943,960,024	1,943,960,024	1,943,960,024
NTA per ordinary share attributable to Shareholders (Singapore cents)	(31.25)	(26.95)	(27.36)	(27.79)

6.2 Loss per share ("LPS")

Assuming that the Proposed Sale was completed on 1 May 2018, being the beginning of the most recently completed financial year, the financial effects on the Group's LPS per share would be as follows: -

	Before completion of the Proposed Sale	After completion of the Proposed Sale		
		Proposed Sale (being 13% DMPI shares)	Proposed Sale with share adjustment (being 13% DMPI shares and a maximum cap of 1.44%)	Proposed Sale with share adjustment and exercise of options (being 13% DMPI shares, a maximum cap of 1.44% and 1.5%, respectively)
Net loss attributable to Shareholders (S\$'000)	31,509 ⁽¹⁾⁽³⁾	25,300 ⁽¹⁾⁽²⁾⁽³⁾	25,300 ⁽¹⁾⁽²⁾⁽³⁾	25,300 ⁽¹⁾⁽²⁾⁽³⁾
Weighted average number of Shares (excluding treasury shares)	1,943,960,024	1,943,960,024	1,943,960,024	1,943,960,024
Loss per Share (Singapore cents)	1.62	1.30	1.30	1.30

Notes:

- (1) Based on the Company's most recently completed financial year ended 30 April 2019, the Company achieved a **net profit** (after income tax benefit, minority interests and extraordinary items and before preference dividends) attributable to Shareholders of US\$20,319,000 (approximately S\$27,428,618). After excluding impact of income tax benefit (of approximately US\$13,524,000), minority interests (of approximately US\$6,095,000), extraordinary items before tax (of approximately US\$4,292,000) and deducting payment of preference dividends (of approximately US\$19,750,000), the **net loss** attributable to Shareholders is US\$23,342,000 (approximately S\$31,509,000). For the purposes of computing the financial effects under paragraph 6.2, the Listing Manual defines net profit as "profit or loss before income tax, minority interests and extraordinary items".
- (2) In computing the financial effects of the Proposed Sale, the Company had also assumed the projected interest savings (at the rate of 4% per annum on US\$115,000,000), being the sum of US\$4,600,000 (approximately S\$6,209,540).
- (3) Based on the closing exchange rate of US\$1 to S\$1.3499 obtained from the Reference Exchange Rate Bulletin of Bangko Sentral ng Pilipinas on 21 January 2020.

6.3 Listing Manual Computations

For the purposes of Chapter 10 of the Listing Manual and based on the latest announced unaudited financial statements of the Company for the six months ended 31 October 2019, being the financial period from 1 May 2019 to 31 October 2019, the relative figures for the Proposed Public Offering are computed on the bases set out in Rule 1006(a) to (e) of the Listing Manual and are as follows:

Rule 1006	Basis	Relative Figures
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		Proposed Sale (being 13% DMPI shares)	Proposed Sale with Share adjustment (being 13% DMPI shares and a maximum cap of 1.44%)	Proposed Sale with Share adjustment and exercise of options (being 13% DMPI shares, a maximum cap of 1.44% and 1.5%, respectively)
Rule 1006(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	5.04% ⁽¹⁾	5.59% ⁽¹⁾	6.18% ⁽¹⁾
Rule 1006(b)	Net profit attributable to the assets disposed of, compared with the Group's net profits	27.5% ⁽²⁾⁽³⁾	30.5% ⁽²⁾⁽³⁾	33.5% ⁽²⁾⁽³⁾
Rule 1006(c)	Aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	62.69% ⁽⁴⁾	62.69% ⁽⁴⁾	62.69% ⁽⁴⁾
Rule 1006(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not Applicable	Not Applicable	Not Applicable
Rule 1006(e)	Aggregate volume of proved and probable reserves to be disposed of compared with the Group's proved and probable reserves	Not Applicable	Not Applicable	Not Applicable

Notes:

- (1) Based on the latest unaudited financial statements for the six months ended 31 October 2019, the net asset value of the DMPI Sale Shares as at 31 October 2019 for the different scenarios are:

DMPI Sale Shares (being 13%)	US\$24.1 million (approximately S\$32.6 million)
13% + 1.44%	US\$26.8 million (approximately S\$36.2 million)
13% + 1.44% + 1.50%	US\$29.6 million (approximately S\$39.9 million)

The Group's unaudited consolidated net asset value as at 31 October 2019 is US\$479.0 million (approximately S\$646.6 million).

- (2) Based on the latest unaudited financial statement for the six months ended 31 October 2019, the Group's unaudited consolidated net profits before income tax, minority interests and extraordinary items is US\$20 million (approximately S\$27 million). Shareholders are to note that this does not factor in the payment of preference dividends amounting to approximately US\$9.9 million.
- (3) The net profits before income tax, minority interest and extraordinary items of DMPI (on a consolidated basis) is approximately US\$41.9 million (approximately S\$56.6 million).

The net profits before income tax, minority interest and extraordinary items attributable to the DMPI shares to be disposed for the different scenarios are:

DMPI Sale Shares (being 13%)	US\$5.5 million (approximately S\$7.4 million)
13% + 1.44%	US\$6.1 million (approximately S\$8.2 million)

1.3% + 1.44% + 1.50%

US\$6.7 million (approximately S\$9 million)

Accordingly, the relative figures computed are as follows:

- (a) $US\$5.5 / US\$20.0 = \text{approx. } 27.5\%$
 - (b) $US\$6.1 / US\$20.0 = \text{approx. } 30.5\%$
 - (c) $US\$6.7 / US\$20.0 = \text{approx. } 33.5\%$
- (4) The computation for Rule 1006(c) is based on the expected gross proceeds of US\$130.0 million (approximately S\$175.5 million) from the Proposed Sale divided by the market capitalisation of the Company of approximately S\$279,930,243 as at 23 January 2020, being the full market day immediately preceding the signing of the Agreement.

The Company's market capitalisation is determined by multiplying the number of ordinary shares (the "**Shares**") in issue, 1,943,960,024 (excluding treasury shares) by volume weighted average price of S\$0.144 per Share on 23 January 2020, being the full market day immediately preceding the signing of the Agreement.

Based on the above, the relative figure computed pursuant to Rules 1006(b) and (c) exceeds 20%.

7. CONDITIONAL WAIVER APPROVAL FROM SGX-ST

7.1 The Company had applied for the Waiver and the Board is pleased to announce that on 5 December 2019, the SGX-ST has granted and has no objections to the Company's application for the Waiver, subject to the following conditions:

- (a) the Company announcing the Waiver granted, the reasons for seeking the Waiver, the conditions as required under Mainboard Listing Rule 107 and if the Waiver conditions have been satisfied. If the Waiver conditions have not been met on the date of this announcement, the Company must make an update announcement when the conditions have all been met;
- (b) submission of a written undertaking from the Company that it will seek the Shareholders' ratification of the Proposed Sale at an extraordinary general meeting ("**Ratification EGM**") to be held within three (3) months from the date of the Proposed Sale;
- (c) submission to the Company of a written irrevocable undertaking from NAPL and Bluebell, which have an equity interest in the Company of approximately 61.55% and 9.76% respectively, to vote in favour of the Proposed Sale at the Ratification EGM;
- (d) submission of a written irrevocable undertaking from NAPL to the Company that it will continue to own more than 50% of the issued shares of the Company before and up to the date of the Ratification EGM; and
- (e) disclosure of the Board's view that the Proposed Sale is in the best interests of the Company and its Shareholders, as well as the Board's basis.

7.2 Pursuant to, and in accordance with, the aforesaid conditions of the Waiver, the Company wishes to announce the following:

- (a) the reasons for seeking the Waiver as disclosed in paragraph 4.10 above;
- (b) the Company intends to hold a Ratification EGM to seek Shareholders' ratification of the Proposed Sale within three (3) months from date of completion of the Proposed Sale;

- (c) the Board wishes to refer to paragraph 4 of this announcement which sets out the Board's view that the Proposed Sale is in the best interests of the Company and its Shareholders, as well as the Board's basis;
- (d) the Company has provided a written undertaking to the SGX that it will hold the Ratification EGM within three (3) months from date of completion of the Proposed Sale;
- (e) NAPL and Bluebell, which have an equity interest in the Company of approximately 61.55% and 9.76%, respectively, have provided written irrevocable undertakings to the Company to vote in favour of the Proposed Sale at the Ratification EGM; and
- (f) NAPL, who has an equity interest in the Company of approximately 61.55%, has provided a written irrevocable undertaking to the Company that it will continue to own more than 50% of the issued shares of the Company before and up to the date of the Ratification EGM.

8. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for the disclosure of the Directors' and substantial Shareholders' shareholding interest as per the Company's registers of Directors' interests, and the registers of substantial Shareholders' interest as set out in the table below, none of the Directors nor (in so far as the Directors are aware) any substantial Shareholder of the Company or their respective associates has any interest, whether direct or indirect, in the Proposed Sale.

Directors	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	% ⁽¹⁾
Rolando C Gapud	2,651,203	0.13	-	-	2,651,203	0.13
Joselito D Campos, Jr	7,621,466	0.39	1,386,276,498 ²⁾⁽³⁾	71.31	1,393,897,964	71.70
Edgardo M Cruz, Jr	2,984,632	0.15	-	-	2,984,632	0.15
Emil Q Javier	611,828	0.03	-	-	611,828	0.03
Benedict Kwek Gim Song	117,092	n.m.	-	-	117,092	n.m.
Godfrey E Scotchbrook	117,092	n.m.	-	-	117,092	n.m.
Yvonne Goh	0	0				
Substantial Shareholders						
Bluebell Group Holdings Limited	189,736,540 ⁽²⁾	9.76	-	-	189,736,540	9.76
Golden Sunflower International Limited	-	-	189,736,540 ⁽²⁾	9.76	189,736,540	9.76

NutriAsia Pacific Limited	1,196,539,958	61.55	-	-	1,196,539,958	61.55
NutriAsia Inc	-	-	1,196,539,958 ⁽⁴⁾	61.55	1,196,539,958	61.55
NutriAsia Holdings Limited	-	-	1,196,539,958 ⁽⁵⁾	61.55	1,196,539,958	61.55
Golden Chamber Investment Limited	-	-	1,196,539,958 ⁽⁵⁾	61.55	1,196,539,958	61.55
Star Orchid Limited	-	-	1,196,539,958 ⁽⁵⁾	61.55	1,196,539,958	61.55
Well Grounded Limited	-	-	1,196,539,958 ⁽⁴⁾	61.55	1,196,539,958	61.55
HSBC Trustee (Hong Kong) Limited	-	-	1,386,276,498 ⁽⁶⁾	71.31	1,386,276,498	71.31
HSBC International Trustee Limited	-	-	1,386,276,498 ⁽⁶⁾	71.31	1,386,276,498	71.31
HSBC International Trustee (Holdings) Pte Limited	-	-	1,386,276,498 ⁽⁶⁾	71.31	1,386,276,498	71.31
The Hongkong and Shanghai Banking Corporation Limited	-	-	1,386,276,498 ⁽⁶⁾	71.31	1,386,276,498	71.31
HSBC Asia Holdings B.V.	-	-	1,386,276,498 ⁽⁶⁾	71.31	1,386,276,498	71.31
HSBC Asia Holdings (UK) Limited	-	-	1,386,276,498 ⁽⁶⁾	71.31	1,386,276,498	71.31
HSBC Holdings (B.V.)	-	-	1,386,276,498 ⁽⁶⁾	71.31	1,386,276,498	71.31
HSBC Finance (Netherlands)	-	-	1,386,276,498 ⁽⁶⁾	71.31	1,386,276,498	71.31
HSBC Holdings Plc	-	-	1,386,276,498 ⁽⁶⁾	71.31	1,386,276,498	71.31
Mr Joselito D Campos, Jr	7,621,466	0.39	1,386,276,498 ⁽²⁾⁽³⁾	71.31	1,393,897,964	71.70
Lee Pineapple Company (Pte) Limited	100,422,000	5.16	6,432,000 ⁽⁹⁾	0.33	106,854,000	5.49
Lee Foundation	-	-	106,854,000 ⁽⁷⁾⁽⁹⁾	5.49	106,854,000	5.49
Lee Foundation, States of Malaya	-	-	106,854,000 ⁽⁸⁾⁽⁹⁾	5.49	106,854,000	5.49

Notes:

- (1) The percentage of issued capital is calculated based on 1,943,960,024 ordinary shares ("**Shares**") (being 1,944,935,826 Shares excluding 975,802 Treasury Shares) and there are no subsidiary holdings.
- (2) Bluebell Group Holdings Limited ("**Bluebell**") is wholly owned by Golden Sunflower International Limited ("**GSIL**"). GSIL is therefore deemed interested in the Shares of the Company held by Bluebell.

GSIL is wholly owned by the Twin Palms Pacific Trust ("**TPP Trust**"), of which HSBC Trustee (Hong Kong) Limited ("**HKL**") is the trustee. The beneficiaries of the TPP Trust are Mr Joselito D Campos, Jr ("**JDC**") and his

children. JDC is therefore deemed interested in the Shares held by Bluebell. The 189,736,540 Shares are held in nominee by HSBC (Singapore) Nominees Pte Ltd.

(3) NutriAsia Pacific Limited ("**NAPL**") is a substantial and controlling shareholder of the Company, holding 1,196,539,958 Shares. JDC and his family have beneficial interests in NAPL (through Golden Chamber Investment Limited ("**GCIL**") and Star Orchid Ltd ("**SOL**") which hold trusts in which they are beneficiaries). JDC is therefore deemed interested in the Shares held by NAPL.

(4) NutriAsia Inc ("**NI**") owns 57.8% of NutriAsia Holdings Limited ("**NHL**"), which in turn owns 100% of NAPL. NI is therefore deemed to be interested in the Shares held by NAPL.

(5) NAPL is wholly owned by NHL. NHL is therefore deemed interested in the Shares held by NAPL.

NHL is in turn majority owned by NI (57.8%) and partly owned by Well Grounded Limited ("**WGL**") (42.2%). NI and WGL are therefore deemed interested in the Shares held by NAPL.

NI is in turn majority owned by GCIL (65.4%) and WGL is in turn wholly owned by SOL. GCIL and SOL are therefore deemed interested in the Shares held by NAPL.

(6) GCIL and GSIL are owned by the TPP Trust and SOL is wholly owned by The Star Orchid Trust, for which HKL acts as trustee for both trusts. HKL is therefore deemed interested in the Shares held by NAPL and Bluebell. The beneficiaries of the Star Orchid Trust are beneficially owned by the Campos family.

HKL is wholly owned by HSBC International Trustee Limited. HSBC International Trustee Limited is therefore deemed interested in the Shares held by NAPL and Bluebell.

HSBC International Trustee Limited is wholly owned by HSBC International Trustee (Holdings) Pte Limited. HSBC International Trustee (Holdings) Pte Limited is therefore deemed interested in the Shares held by NAPL and Bluebell.

HSBC International Trustee (Holdings) Pte Limited is wholly owned by The Hongkong and Shanghai Banking Corporation Limited. The Hongkong and Shanghai Banking Corporation Limited is therefore deemed interested in the Shares held by NAPL and Bluebell.

The Hongkong and Shanghai Banking Corporation Limited is wholly owned by HSBC Asia Holdings Limited. HSBC Asia Holdings Limited is therefore deemed interested in the Shares held by NAPL and Bluebell.

HSBC Asia Holdings Limited is wholly owned by HSBC Holdings plc. HSBC Holdings plc is therefore deemed interested in the Shares held by NAPL and Bluebell.

(7) Lee Foundation, by virtue of its not less than 20% interest in Lee Pineapple Company (Pte) Limited, had a deemed interest in the Company's Shares in which Lee Pineapple Company (Pte) Limited had a direct or deemed interest.

(8) Lee Foundation, States of Malaya, by virtue of its not less than 20% interest in Lee Pineapple Company (Pte) Limited, had a deemed interest in the Company's Shares in which Lee Pineapple Company (Pte) Limited had a direct or deemed interest.

(9) Lee Pineapple Company (Pte) Limited is deemed interested in the 6,432,000 Shares held by its wholly-owned subsidiary, Pineapples of Malaya Private Limited.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Sale, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

Shareholders are advised to read this announcement in its entirety and for any Shareholder who may require advice in the context of his specific investment, to consult his bank manager, stockbroker, solicitor, accountant or other professional adviser.

10. DIRECTORS' SERVICE CONTRACT

No person is proposed to be appointed as a director in connection with the Proposed Sale. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

11. DOCUMENTS FOR INSPECTION

Copies of the Agreement is available for inspection at the offices of the Company's share transfer agent in Singapore and Manila at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 and 15th Floor South Tower, BDO Corporate Center, 7899 Makati Avenue, Makati City 0726, Philippines, respectively, during normal business hours for three (3) months from the date of this announcement.

12. FOLLOW UP ANNOUNCEMENT(S)/ FURTHER INFORMATION

The Company will make the necessary follow-up announcement(s) as and when required and/or material developments arise in respect of the Proposed Sale.

In the meantime, the Board wishes to advise Shareholders to exercise caution in their dealings in the shares of the Company and to refrain from taking any action in relation thereto, until they have sought their own financial, tax or other professional adviser where appropriate.

BY ORDER OF THE BOARD

Antonio E S Ungson
Company Secretary
24 January 2020