

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

COMPLETION OF SALE OF ISSUED AND PAID UP ORDINARY SHARES IN DEL MONTE PHILIPPINES, INC., AN INDIRECTLY WHOLLY OWNED SUBSIDIARY OF DEL MONTE PACIFIC LIMITED

*Unless otherwise defined, capitalised terms used herein shall bear the same meaning as ascribed to them in the Company's announcement dated 24 January 2020 ("**24 Jan Announcement**").*

1. INTRODUCTION

Further to the 24 Jan Announcement, the Board wishes to update that the Company, CARI, DMPI and the Investor had on 30 April 2020 entered into a supplemental agreement (the "**Supplemental Agreement**") to vary the Agreement such that the sale now relates to the sale of 335,678,400⁽¹⁾ existing ordinary shares in DMPI (the "**DMPI Sale Shares**") (representing 12%⁽²⁾ of the total number of issued and paid-up ordinary shares in DMPI) (the "**DMPI Sale**") to the Investor for US\$120 million (approximately S\$170 million⁽³⁾) ("**Consideration**"). The Board is also pleased to announce the completion of the sale of the DMPI Sale Shares to the Investor.

Based on the Consideration, the implied equity value of DMPI is approximately US\$1 billion. The completion of the DMPI Sale marks the beginning of a partnership with the Investor, a leading investment company focused on investing in leading companies in the consumer sector in China and the ASEAN region. This transaction is a testament to DMPI's solid standing and future prospects for growth as a food company. The Group looks forward to working with the Investor (as a new shareholder of DMPI) in expanding the Group's footprint in the Philippines and other export markets.

Notes:

- (1) *The terms of the DMPI Sale includes the issuance of (i) additional new DMPI shares pursuant to a share adjustment mechanism (up to a maximum cap of 1.33% 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 the 24 Jan Announcement (read with paragraph 2.1.3 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 the 24 Jan Announcement).*
- (2) *The total number of issued shares of DMPI as at the date of the Agreement is 2,797,320,003.*
- (3) *Based on the closing exchange rate of US\$1 to S\$1.4166 obtained from the Reference Exchange Rate Bulletin of Bangko Sentral ng Pilipinas on 19 May 2020.*

2. PRINCIPAL AMENDMENTS

2.1 The principal amendments to the Agreement are set out below:

2.1.1 Under the terms of the Agreement, the Investor was to purchase 363,651,600 existing ordinary shares in DMPI (representing 13% of the total number of issued and paid-up ordinary shares in DMPI). Pursuant to the Supplemental Agreement, the parties have agreed that the sale will be for 335,678,400⁽¹⁾ existing ordinary shares in DMPI instead (representing 12% of the total number of issued and paid-up ordinary shares in DMPI).

Accordingly, the aggregate Consideration for the DMPI Sale is US\$120 million (approximately S\$ 170 million).

2.1.2 As stated in paragraph 3.3.4(b) of the 24 Jan Announcement, the Investor as an RCPS holder is entitled to dividends on an as-converted basis (if ordinary shareholders are entitled to dividends). Under the Agreement, such dividends were to be credited for the purposes of calculating the redemption amount. The parties have now agreed that any dividends received by the Investor from DMPI (other than the dividends in respect of the financial year ended 30 April 2020) would no longer be credited for the purpose of calculating the redemption amount. For more details on redemption, Shareholders can refer to paragraph 3.3.4(g) of the 24 Jan Announcement.

2.1.3 In relation to the share adjustment mechanism, Shareholders are to note that the additional DMPI shares to be issued are up to a maximum cap of 1.33% of the total issued share capital of DMPI (instead of 1.44% as set out in paragraph 3.3.4(h) of the 24 Jan Announcement). In computing the number of additional DMPI shares to be issued to the Investor, do note that all reference to "US\$130 million" has been amended to "US\$120 million" to track the aggregate Consideration sum of US\$120 million.

For more details, Shareholders are advised to refer to the share adjustment formula as set out in paragraph 3.3.4(h) of the 24 Jan Announcement (to be read with paragraph 2.1.3 of this announcement).

2.2 Consideration

The Consideration was negotiated in good faith and on an arm's length basis, as disclosed in the 24 Jan Announcement.

For the reasons stated in the 24 Jan Announcement, the Board is of the view that the DMPI Sale is not prejudicial to the interests of the Shareholders and is in their best interests instead. For more details, Shareholders are advised to refer to paragraphs 4.1 to 4.8 of the 24 Jan Announcement.

2.3 Value of Shares

	DMPI Sale (i.e. 12% DMPI Sale Shares)
Book value of DMPI Sale Shares as at 31 January 2020	S\$34.9 million
Net gain on disposal	S\$114.5 million
Net profit attributable to the DMPI Sale Shares⁽¹⁾	S\$11.1 million

Note:

(1) The net profit attributable is based on the latest announced consolidated financial statements of the Group for the nine months ended 31 January 2020.

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.

3. Use of net proceeds

The net cash proceeds (after deducting related transactional fees, stamp duties, taxes and administrative expenses of approximately S\$20.6 million) is approximately S\$149.4 million.

- 3.1 The net cash proceeds from the DMPI 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.
- 3.2 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 DMPI 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.

4. FINANCIAL EFFECTS OF THE DMPI SALE

The financial effects of the DMPI 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 DMPI Sale.

4.1 Net tangible assets ("NTA") per share

Assuming that the DMPI 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 DMPI Sale	After completion of the DMPI Sale		
		DMPI Sale <i>(being 12% DMPI Sale Shares)</i>	DMPI Sale with share adjustment <i>(being 12% DMPI shares and a maximum cap of 1.33%)</i>	DMPI Sale with share adjustment and exercise of options <i>(being 12% DMPI shares, a maximum cap of 1.33% and 1.5%, respectively)</i>
NTA attributable to Shareholders (S\$'000)	(637,416) ⁽¹⁾	(557,869)	(565,605)	(574,331)
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)	(32.79)	(28.70)	(29.10)	(29.54)

Note:

- (1) Based on the the Group's latest announced consolidated audited financial statements for the financial year ended 30 April 2019 ("FY2019"). As the FY2019 consolidated audited financial statements was reported in US dollars, the Company had converted the NTA (of US\$449,962,000) into Singapore dollars based on the closing exchange rate of US\$1 to S\$1.4166 obtained from the Reference Exchange Rate Bulletin of Bangko Sentral ng Pilipinas on 19 May 2020.

4.2 Loss per share ("LPS")

Assuming that the DMPI 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 DMPI Sale	After completion of the DMPI Sale		
		DMPI Sale (being 12% DMPI Sale Shares)	DMPI Sale with share adjustment (being 12% DMPI shares and a maximum cap of 1.33%)	DMPI Sale with share adjustment and exercise of options (being 12% DMPI shares, a maximum cap of 1.33% and 1.5%, respectively)
Net loss attributable to Shareholders (S\$'000)	33,066 ⁽¹⁾⁽³⁾	27,092	27,092	27,092
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)	1.70	1.39	1.39	1.39

Notes:

- (1) Based on the Company's most recently announced consolidated audited financial statements for FY2019, 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\$28,783,895). After excluding the 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\$33,066,277). For the purposes of computing the financial effects under paragraph 4.2, 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 DMPI Sale, the Company had also assumed the projected interest savings (at the rate of 4% per annum on US\$105,400,000), being the sum of US\$4,217,000 (approximately S\$5,974,089).
- (3) Based on the closing exchange rate of US\$1 to S\$1.4166 obtained from the Reference Exchange Rate Bulletin of Bangko Sentral ng Pilipinas on 19 May 2020.

4.3 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 nine months ended 31 January 2020, being the financial period from 1 May 2019 to 31 January 2020, the relative figures for the DMPI Sale 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		
		DMPI Sale <i>(being 12% DMPI Sale Shares)</i>	DMPI Sale with Share adjustment <i>(being 12% DMPI shares and a maximum cap of 1.33%)</i>	DMPI Sale with Share adjustment and exercise of options <i>(being 12% DMPI shares, a maximum cap of 1.33% and 1.5%, respectively)</i>
Rule 1006(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	5.11% ⁽¹⁾	5.67% ⁽¹⁾	6.31% ⁽¹⁾
Rule 1006(b)	Net profit attributable to the assets disposed of, compared with the Group's net profits	31.45% ⁽²⁾⁽³⁾	35.08% ⁽²⁾⁽³⁾	39.11% ⁽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	86.58% ⁽⁴⁾	86.58% ⁽⁴⁾	86.58% ⁽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 nine months ended 31 January 2020, the net asset value of the DMPI Sale Shares as at 31 January 2020 for the different scenarios are:

DMPI Sale Shares (being 12%)	US\$24.6 million (approximately S\$34.9 million)
12% + 1.33%	US\$27.3 million (approximately S\$38.7 million)
12% + 1.33% + 1.50%	US\$30.4 million (approximately S\$43.1 million)

The Group's unaudited consolidated net asset value as at 31 January 2020 is US\$481.4 million (approximately S\$682 million).

- (2) Based on the latest unaudited financial statement for the nine months ended 31 January 2020, the Group's unaudited consolidated net profits before income tax, minority interests and extraordinary items is US\$24.8 million (approximately S\$35.1 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\$65.2 million (approximately S\$92.4 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 12%)	US\$7.8 million (approximately S\$11.1 million)
12% + 1.33%	US\$8.7 million (approximately S\$12.3 million)
12% + 1.33% + 1.50%	US\$9.7 million (approximately S\$13.7 million)

Accordingly, the relative figures computed are as follows:

- (a) $US\$7.8 / US\$24.8 = \text{approx. } 31.45\%$
- (b) $US\$8.7 / US\$24.8 = \text{approx. } 35.08\%$
- (c) $US\$9.7 / US\$24.8 = \text{approx. } 39.11\%$

- (4) The computation for Rule 1006(c) is based on the expected gross proceeds of US\$120.0 million (approximately S\$170 million) from the DMPI Sale divided by the market capitalisation of the Company of approximately S\$196,339,962 as at May 19 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\$0.101 per Share on 19 May 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%.

5. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as already disclosed in the 24 Jan Announcement, 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 DMPI Sale.

6. 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 DMPI 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.

7. DOCUMENTS FOR INSPECTION

Copies of the Agreement and the Supplemental 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 (during normal business hours) and 15th Floor South Tower, BDO Corporate Center, 7899 Makati Avenue, Makati City 0726, Philippines (between 8:30 am to 4:00 pm), respectively, for three (3) months from the date of this announcement.

8. 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 DMPI Sale.

BY ORDER OF THE BOARD

Antonio E S Ungson
Company Secretary
21 May 2020